

ANNUAL REPORT

2015/2016



"Shining through excellence"

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Chapter 1



Chapter 1

CHAPTER 1 – SPEAKER/MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT B: SPEAKER/MAYOR'S FOREWORD



SPEAKER/MAYOR: CLLR CN PHOYANE

The **Section 153 of Constitution of the Republic of South, Act 108 of 1996** outlines the Development Duties of the municipalities. *"A municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community and participate in National and Provincial Development programmes".*

The Ventersdorp Local Municipality aligns itself with the National Key Performance Areas, which are as follows:-

- ❖ Basic Service Delivery and Infrastructure;
- ❖ municipal Transformation and Institutional Development;
- ❖ financial Viability and Management;
- ❖ local Economic and Development; and
- ❖ good Governance and Public Participation.

The municipality is guided by the 6 pillars, namely:-

- ✚ The accelerated and sustainable provision of infrastructure and basic services
- ✚ The accelerated and sustainable development of local economy
- ✚ The accelerated fight for poverty and HIV/AIDS reduction
- ✚ Building and sustaining services and performance driven municipality
- ✚ Deepen the institutional, democracy, accountability and human rights
- ✚ Building and sustain unity, peace and reconciliation

Municipality's Achievements are as follows:-

- During this financial year the VSD experienced International and National atmosphere, as the remains of our Icon was laid to rest from Russia, Mr JB Marks;
- the regular and positive feedback to stakeholders regarding the progress of municipality with the implementation of its vision and mission through the IDP and Budget public participation meetings conducted;
- the support of other Sector Department's e.g. SALGA, National and Provincial Treasury, DLG&HS, DRKKDM etc;
- the Council adopted the Back to Basics Concept on the 15/05/2015 and the Launch on the 27/05/2015, activities were conducted e.g. Cleaning Campaigns, erection of Speed Humps. Etc;
- all IDP, Budget and SDBIP processes were followed by the municipality as legislated by the MFMA, No. 56 of 2003 and the MSA 2000, Chapter 6; and

- the 2015/2016 Annual Report was compiled in accordance with requirements of the local Government and Municipal finance Management act 56 of 2003 (MFMA) and local Government Municipal System Act 32 of 2000 and circular 63 also taken into consideration.

Municipal Challenges during the under reviewed financial year:-

- The Council realised the unintended results due to the political and administrative instability for the period of 6months, which led to the **Section 139 (1) (b) of the Constitution** and the seconded Acting Municipal Manager by MEC of Local Government.
- The Fruitless, Wasteful and Irregular Expenditure are accumulating and the municipal is unable to pay the creditor within the timeframe as required.
- % of Revenue collection as our community is not responding positively to paying municipal services as required.
- Illegal bridging of electricity also cripples the municipality financially, as it is reported in the 2013/2014 AFS as the electricity distribution losses.


The Speaker/Mayor's final thoughts are:-

The Presidential Local Government Summit commits the country towards the mobilisation of all stakeholders and all municipalities to differentiate municipal specific intervention and support aimed at achieving the following strategic objectives to strengthen local government co-ordination:-

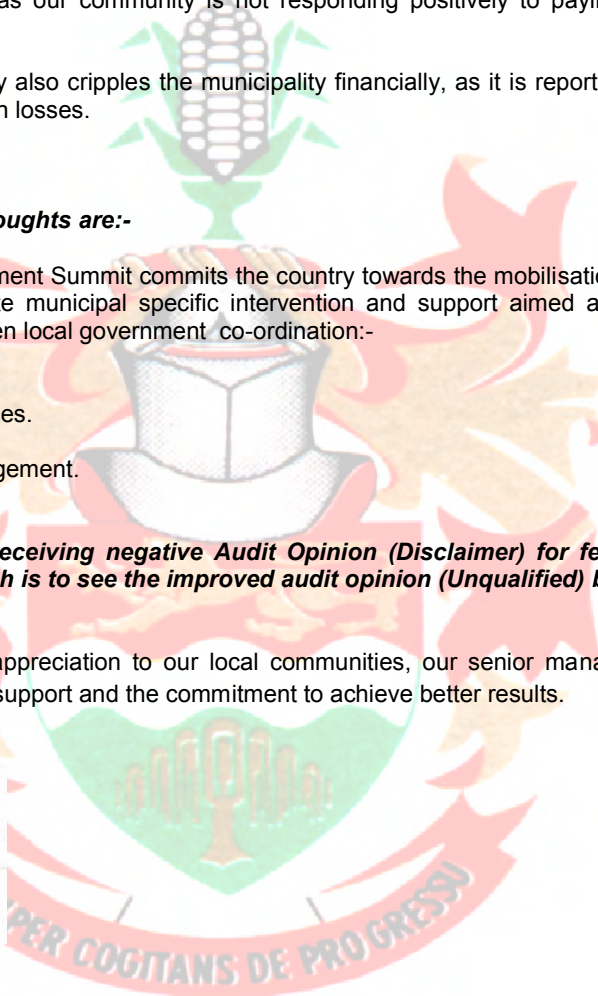
- ▣ Putting people first.
- ▣ Delivering basic services.
- ▣ Good governance.
- ▣ Sound financial management.
- ▣ Building Capacity.

Our Municipality has been receiving negative Audit Opinion (Disclaimer) for few previous years, with repetition of findings; my wish is to see the improved audit opinion (Unqualified) by 2016.

I wish to extend my humble appreciation to our local communities, our senior management, officials and all spheres of government for the support and the commitment to achieve better results.



HON. CLLR. G.N. PHOYANE
SPEAKER/MAYOR



CHAPTER 1

COMPONENT C: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



The financial year 2014/2015 should be marked as the most challenging financial year for the municipality due to the administrative and political instability, our vision as a municipality is to be *"Shining through Excellence"*. We intend to achieve this through provision of sustainable services and promoting development. Our focus is in line with the objects of Local Government, as provided for in Chapter 7 of our Constitution under Section 152 (1), informed by the following strategic goals:-

- ✓ Ensuring provision of infrastructure development and service delivery.
- ✓ Promoting local economic development.
- ✓ Ensuring good corporate governance and public participation.
- ✓ Ensuring municipal transformation and organisational development, and
- ✓ Ensuring municipal financial viability.

Ventersdorp Local Municipality is a category B municipality within the Dr Kenneth Kaunda District. It is a municipality with small towns and population size of 56 702 and 14 562 households. It is a plenary executive council constituted by six wards with councillors comprising of a Mayor as chairperson of Council and Council Committees. The municipality is responsible for the provision of basic services as Legislated in Chapter 7 of the Constitution and in terms of schedules 4 and 5.

In terms of powers and functions, the municipality is responsible for among others the following:-

- ☐ Solid waste management.
- ☐ Water and Sanitation services.
- ☐ Roads and storm-water.
- ☐ Management of cemeteries.
- ☐ Electricity.

According to the National Treasury capacity assessment, Ventersdorp Local Municipality is a low capacity municipality with limited revenue base that depends on both National and Provincials grants to provide services.

The main economic driver in the municipality is agriculture, which is mainly dominated by white farmers with the majority of the population working on the farms. There is very little economic activity in the municipality, hence the low tax base. This results in the municipality being grant dependent and experiencing a burden to provide free basic services to the poor communities

HIGHLIGHTS OR ACHIEVEMENTS OF THE MUNICIPALITY DURING THE FINANCIAL YEAR UNDER REVIEW:-

- ✚ Ventersdorp Local Municipality is a Water Service Authority and its rand value of bulk infrastructure backlog in particular of water and sanitation is R10m and R15m respectively.
- ✚ There is a total number of 14 562 households with access to basic level of water of 6148 h/h and 8414 h/h are from rural and urban areas respectively.
- ✚ There is a total number of 11 447 households with access to basic level of sanitation of 4674 h/h and 6773 h/h are from rural and urban areas respectively.
- ✚ Blue Drop Water Quality Status : 57%
- ✚ Green Drop Water Quality Status : 31%
- ✚ There is a total number of 12 671 households with access to basic level of electricity of 5898 h/h and 6773 h/h are from rural and urban areas respectively
- ✚ There is a total number of 6773 households with access to basic level of solid waste
- ✚ Development of landfill sites are funded Dr KKDM and the construction completed by end of August 2015 and licensing was achieve during 2015/2016.
- ✚ Municipality has an Integrated Waste Management Plan adopted by Council.
- ✚ The Final IDP and Budget for the 2016/2017 was approved by 31 May 2016.
- ✚ 2016/2017 SDBIP was approved by the Speaker/Mayor by the 28 June 2016.
- ✚ Section 56 and 57 Performance Agreements signed by 31 July 2015 and made public as per legislation.
- ✚ The municipality was able to hold a Strategic planning from the 29 – 31 July 2015, which focused more on the proper planning, effective and coherent municipal systems for the fully functional and sustained municipality.
- ✚ Dr KKDM has appointed the Service Provider to assist the municipality with the Organisational Re-engineering and Diagnoses.

Challenges encountered during the financial year under review:-

- ✦ The municipality is generally characterised by old infrastructure, which has not been maintained and further adds to the service delivery backlogs in the municipality.
- ✦ There is a high demand for basic services such as housing, road infrastructure, electricity, water and sanitation.
- ✦ The total number of households in the municipality is estimated to 14 562 of which approximately 88%, 78%, 76% and 40% of households have access to basic water, sanitation, electricity and refuse removal respectively.
- ✦ The other worrying factor is the trend of poor grant [MIG] spending which impacted negatively on our capability to improve service delivery provisioning.
- ✦ The municipality is now in serious financial distress, especially after the withholding of Equitable Shares by National Treasury due to R45 million owed to ESKOM by the municipality. What compound the problem more is the inability to collect revenue associated with electricity loss of approximately 40% which contributes to the poor delivery of services.
- ✦ The municipality as per the audit information, for the past six consecutive financial years (2008/09-2013/14) received disclaimer audit opinions. The impact of the action plan developed previously to address issues by the Auditor-General yielded no positive results as the municipality continued to receive disclaimer audit opinion after another.
- ✦ There have been numerous service delivery protests by communities for the past ten (10) years as a result of lack of proper services rendered. There has been political and administrative instability characterised by failure to hold Council meetings and conduct oversight role; suspension of Municipal Manager and prolonged unprotected labour unrest since November 2014 which led to total shutdown of municipal operations and affected service delivery provisioning.
 - ✦ Insufficient personnel (electricity/water) to deal with loss due to leakages / illegal connections.
 - ✦ Unauthorised, irregular and fruitless and wasteful expenditure.
 - ✦ Shortage of Basic Service Delivery personnel and vehicles for service delivery.
 - ✦ Operating with out-dated Organisational Structure.
 - ✦ Job Evaluation.
- ✦ Issues of discipline are quite evident and thereby creating some sense of despondency amongst some senior & middle managers.
- ✦ Systems seem weak, and require attention.
- ✦ The staffing issues are also serious – affect capability to deliver services.

The Provincial Executive Council also resolved on the 29th April 2015 to invoke **section 139 1[b] of the constitution** and the Administrator was therefore deployed on the **15th May 2015** to amongst others:-

- ❖ improve service delivery in Ventersdorp, prioritising water and sanitation services [this should include facilitation of new projects, unblocking of old projects, maintenance of infrastructure, cleansing etc;
- ❖ stabilise and improve administration within the municipality;
- ❖ financial management: improving the financial controls in the municipality, expenditure management, procurement processes as well as addressing Auditor-General's reports [MFMA compliance];
- ❖ analysis and implementation of past and current investigations, commissions of enquiry and forensic audits, this should include taking decisive action against implicated individuals;
- ❖ attend to labour matters in the municipality [outstanding disciplinary cases, labour disputes, functionality of LLF, instil culture of work and discipline of workers]; and
- ❖ Facilitate the improvement of governance within council [council oversight role, relations between council and administration.

CONCLUSION

The VLM Managers directly report to the Municipal Manager and officials to commit on the assurance that the organisation will be operating as management and the community intends.

Insight for improving internal controls, processes, procedures, performance and risk management; and for reducing expenses, enhancing revenues and improving profits and unbiased assessments of operations.


MR. MANOTO MORUTI
ACTING MUNICIPAL MANAGER

CHAPTER 1

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

ABOUT VENTERSDORP LOCAL MUNICIPALITY

Ventersdorp Municipality is a local authority that serves the community in and around the Ventersdorp boundaries. Ventersdorp is a predominantly rural area that is characterised by high unemployment rate, low literacy levels and agricultural farming.

Ventersdorp falls under Dr Kenneth Kaunda District, in the North-West Province; it is located 72km to the north of City of Matlosana and to the South of Rustenburg. It occupies a geographic area of approximately 3764.05 km.

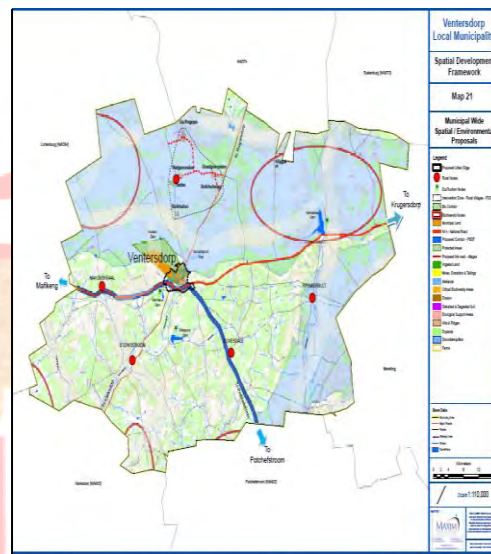
The municipality is situated on the N14 linking the municipal area with Gauteng province in the West and Botswana Country.

The municipality was classified as a Category B Municipality by the Municipal Demarcation Board, in terms of section 4 of the Local Government Municipal Structures Act, 1998.

The Ventersdorp Local Municipality was previously known as Ventersdorp Munisipaliteit and today is fondly referred to as the Ventersdorp Local Municipality and it is a medium capacity municipality.

The N14 development route was identified by the municipality as a flagship project for golden opportunities in the following sectors: Housing, Business, Heritage, Tourism, Sport as well as recreation. (Still in process).

Ventersdorp co-ordinates are: 26°19'S 26°49'E / 26.317°S 26.817°E



VISION AND MISSION OF THE MUNICIPALITY

As an organisation with the primary responsibility of ensuring that the Ventersdorp area is able to realise its full potential in every aspect, the vision and mission of the Ventersdorp Local Municipality is as follows:-

VISION

“To be shining through excellence”

MISSION

To Provide Sustainable Service and Promote Development”



VALUES

Integrity

Teamwork and

Service excellence

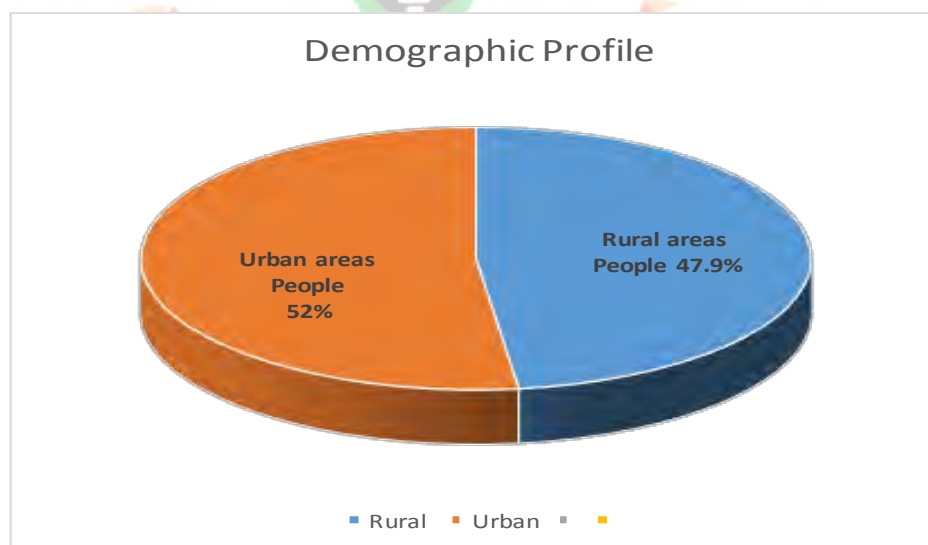
GEOGRAPHIC PROFILE

The municipal area of Ventersdorp covers an area of 3764.05 km² with the following main land use categories:-

LAND USE	% COVERAGE
Urban Development	3.41
Industries and mining	0.16
Agricultural dry land	41.78
Agricultural Irrigation	1.28
Agricultural Intensive Livestock	27.00
Agricultural Extensive Live stock	26.69

DEMOGRAPHIC PROFILE

According to Stats SA (2011) Ventersdorp has a total population of 56 702 people. Number of households 14 562, that translates to 2.7% population growth per annum (2001-2011) which is however much higher than the national growth rate of 1.44. Formal (2: Tshing and Ventersdorp) and Informal Settlement (8 - villages, 6 - squatter settlement and approximately 480 - farms).



Population Details : Census 2011												
Ward	Male						Female					
	0 - 4	5 - 14	15 - 34	35 - 64	65 +	Total	0 - 4	5 - 14	15 - 34	35 - 64	65 +	Total
Ward 1	347	497	797	447	79	2167	283	490	886	605	123	2386
Ward 2	275	438	715	634	125	2186	275	406	833	781	208	2503
Ward 3	1120	1826	2509	1759	513	7728	837	1556	2260	1779	434	6866
Ward 4	614	972	1680	1481	251	4997	533	924	1462	1268	232	4418
Ward 5	851	1493	2171	1846	399	6760	725	1225	1896	1651	341	5838
Ward 6	666	1069	1694	1626	353	5408	657	990	1770	1603	424	5443

NATURAL RESOURCES	
Major Natural Resources	Relevance to Community
Schoonspruit spring	Supplies Ventersdorp with water
Agricultural dry land, irrigation, intensive livestock and extensive live stock	Agriculture potential
Dolomitic	Surface mining

COMMENT ON BACKGROUND DATA

2.7% population growth per annum (2001-2011) is however much higher than the national growth rate of 1.44.

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The municipality is faced with the challenge of aged infrastructure (outfall sewer pipelines and network distribution and network pipelines). The infrastructure needs and urgent and adequate maintenance. The municipality is experiencing constant pipe burst and sewer blockages due to aging infrastructure.

ACHIEVEMENTS

2015/2016

Number of households in the municipality	15583
Number of billed households in the municipality	9193
Number of registered indigent households (Municipal Data)	
Number of indigent households with access to FBW	2205
Number of indigent households with access to FBSan	2205
Number of indigent households with access to FBR	2205
Number of indigent households with access to FBE	0
Number of indigent households with alternative energy	0
Number of households provided with free basic electricity by the municipality	0

EQUITABLE SHARE

Equitable Share provided for Free Basic Service 2015/2016			
Services	Allocation Expenditure	Expenditure	% Expenditure
FBE	4 200 000	4 808 650	114.49%

CHALLENGES

- Consumers not being honest when claiming for indigent status.
- Indigent consumers who do not collect their Free Basic Electricity.
- Consumers who are possibly indigent and not coming forward to disclose their indigent's status.
- Increasing debts owed to the municipality by all categories of debtors i.e. government; business and households consumers.
- A very slow payment of service providers due to low income generation.
- Ineffective customer care system.
- Slow spending on capital projects resulting in roll-overs.

PROPORTION OF HOUSEHOLDS WITH MINIMUM LEVEL OF BASIC SERVICES

Basic Services	2013/2014	2014/2015	2015/2016
Electrical Services Connections	12395	12395	12395
Water – available within 200m from dwelling	5898	5898	5898
Sanitation – households with VIP service	4676	4676	4676
Refuse removal – collection once a week	6773	7775	7775

LARGE PROJECTS FOR THE 2015/2016 FINANCIAL YEAR

IDP PROJECTS	R'000
3km Internal road development in Tshing Proper & Ext 4	R7 500 000.00
Community Hall Development – Tshing Makweteng	R6 000 000.00
1Km Access Road Development Appeldraai	R4 000 000.00

The 3km Internal road development in Tshing Proper and Ext 4, Scope of work was reduced from 3Km to 1.9Km and it is still in progress, Community Hall Development in Tshing Makweteng also still in progress but at the roofing level and the 1Km Access road in Appeldraai project complete.

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The Ventersdorp Local Municipality's source of revenue is rates and taxes, services charges, rentals and grant income. The municipality's sustainability depends largely on the rigorous implementation of Credit Control and Debt Management policy, effective management of its resources, encouraging the community to pay for the services they receive and community participation in the budget and integrated development plan processes.

The biggest source of revenue for the municipality being electricity is being hampered to provide much needed income by some of the consumer's connecting electricity illegal. The illegal connections of electricity has led to indigents registrations to decline and causing high level of electricity losses of about 42.90%. The management has, however, commenced to implement Financial Recovery Plan to improve cash management, improve asset management and develop long-term financial plan. The implementation of cost cutting measures, complying with Supply Chain Management policy and financial prescripts will help reduce financial strain in the municipality.

FINANCIAL OVERVIEW: 2015/2016			
			R'000
Details	Original Budget R	Adjustment Budget R	Actual R
Income:			
Grants	69 404 000	70 084 000	107 979 949
Taxes Levies and tariffs	81 654 990	75 863 395	112 866 512
Other	348 520	752 870	919 190
Sub Total	151 407 510	146 700 265	221 765 651
Less: Expenditure	146 070 296	184 165 236	241 279 633
Net Total	5 337 214	37 464 971	19 513 982
Note: Surplus/(Deficit)	(5 337 214)	(37 464 971)	(19 513 982)
OPERATING RATIOS:2015/2016			
Details	%		
Employee Cost	20.47		
Repairs and Maintenance	3.16		
Finance Charges and impairment	24.36		

TOTAL CAPITAL EXPENDITURE 2013/2014 TO 2015/2016			
			R'000
Details	2013/2014	2014/2015	2015/2016
Original Budget	35 483	28 808 800	
Adjustment Budget	46 372	28 808 800	
Actual	41 325	17 195 843	

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The organisational structure/organogram of Ventersdorp Local Municipality was approved by Council on 12 July 2011 (**ITEM: C 033/2011-2012**).

The Ventersdorp Local Municipality's 2015/2016 financial year had an approved a staff complement of **231** posts, of which **161 (157+10)** were filled. A total of **74** vacancies have not been filled, primarily due to a delay on the filling of vacancies. The vacant posts represent a vacancy rate of **32%**

In order to capacitate critical areas within the municipality, the following positions were filled during the 2015/2016 financial year:-

- ✚ 1 x Assistant Superintendent Licensing & Testing.
- ✚ 1 x Administration Officer in the Office of the Mayor.

1.6 AUDITOR-GENERAL REPORT

Auditor-General's responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards of Auditing.

Financial year ended 30 June 2014 the municipality received disclaimer audit opinion. Similarly with the previous year 2014/2015 the audit opinion was a disclaimer. Only the performance information improved from the other years. LED - Qualified.

The main issues raised by the Auditor-General were, among others: asset register which was not GRAP compliant; systems where not in place to manage and account for assets; lack of expenditure management and irregular and fruitless expenditure; performance management system relating to predetermined objectives which did not have measurable indicators and targets; and non-implementation of appropriate risk management activities to ensure regular risk assessment and reporting. Audit action plan to address audit findings was developed and significant progress was registered in resolving them.

Auditor-General's report for the financial year under review is contained in Chapter 6 of this report.

1.7 STATUTORY ANNUAL REPORT PROCESS

NO.	ACTIVITY	TIMEFRAME
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting)	
3.	Finalise the 4 th quarter report for previous financial year	
4.	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5.	Municipal entities submit draft annual reports to Municipal Manager	
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
7.	Mayor tables the unaudited Annual Report	
8.	Municipality submits draft Annual Report including consolidated annual financial statement and performance report to Auditor-General	
9.	Annual Performance Report as submit to Auditor-General to be provided as input to the IDP Analysis Phase	
10.	Auditor-General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – November
11.	Municipalities receive and start to address the Auditor- General's comments	November
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
13.	Audited Annual Report is made public and representation is invited	
14.	Oversight Committee assess Annual Report	
15f.	Council adopts Oversight report	December
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	January
18.	Commencement of draft Budget/IDP finalisation for the next financial year. Annual Report and Oversight Report to be used as input	

COMMENT ON THE ANNUAL REPORT PROCESS

The Annual Report is a measure of ensuring that there is regular, impartial feedback to stakeholders regarding the progress of the municipality with the implementation of its vision and mission. It is necessary that the municipality derive maximum benefit from its efforts in submitting reports. Such benefit is typically obtained in the form of being able to compare and benchmark against other municipalities and to learn from the feedback mechanisms.

The annual report process flow provides a framework for the municipality to follow in completing various reports within each financial year cycle. It is recommended that the municipal manager study this process flow and ensure that the report is submitted timeously. If the process flow is followed, the municipality should be able to provide an unaudited annual report in August for each year, which is consistent with the MFMA.

The 2015/2016 Annual Report was compiled in accordance with the requirements of the Local Government Municipal Finance Management Act 56 of 2003(MFMA) and Local Government: Municipal System Act 32 of 2000 and Circular 63 also taken into consideration.

The purpose of this report is to:-

- Provide feedback on the annual financial and non-financial performance of the municipality.
- Promote accountability to the community for the decisions made during the period July 2014 to June 2015.

Annual Report must be aligned with the planning documents and municipal budget for the year reported on. The IDP, BUDGET, SDBIP, in-year reports, annual performance reports and annual reports should have consistence and similar information for understanding and linkage between plans and actual performance.

In terms of the processes prescribed by the MFMA Section 127(2), the Mayor shall within seven months after the end of the financial year table in Council the Annual report of the municipality. Council, thereafter, refer the annual report to the Oversight Committee, then MPAC (Municipal Public Accounts Committee).

Immediately after the annual report has been referred to the MPAC, the Accounting Officer shall make the Annual Report public and invite the local Community to submit their comments or inputs.

Section 129 of the Local Government ; Municipal Finance Management act of 2000, states that the Oversight Committee of the Council must consider the Annual Report of the municipality by no later than two months from the date which the report was tabled in Council and adopt the oversight report containing statements whether the Council:-

- Has approved the annual report with or without reservations.
- Has rejected the annual report.
- Has referred back the annual report for revision of those components that can be revised.

Annual Report will assist the municipality to streamline operations and processes through combined committee, reduce costs, time and effort. There will be a limited need for the municipality to have different committees to deal with financial and non-financial related matters.

Chapter 2



Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

To govern is to exercise political and administrative authority to manage a population's affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences."

Property rights and rule-based governance; the quality of budgetary & financial management; the efficiency of revenue mobilisation; the efficiency of public expenditures and transparency, accountability and corruption should be monitored to ensure the municipality deals with these aspects of governance decisively.

The political and administrative components of Council maintain a sound working relationship by ensuring procedures and protocols. The Ventersdorp Local Municipality as a legal entity relates to the other spheres of government and organised local government bodies through the Intergovernmental Policy Framework. Communities as an interest group in municipal affairs, participates through public participation mechanism and processes in the decision making systems of Council.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Politicians had conducted Public Participation with the communities presenting the integrated development plans; budget and budget policies, service delivery and budget implementation plans and Imbizos. The process was to ensure the communities participate in the democratic municipal processes to make their voices heard. The process of community participation ensures healthy relations between the municipality and the community and unnecessary misunderstanding.

Administrative governance ensures transparent administration, regular feedback to the community and compliance with the rules, laws and regulation by which Council operates and is regulated and controlled.









2.1 POLITICAL GOVERNANCE













INTRODUCTION TO POLITICAL GOVERNANCE

The Ventersdorp Local Municipality is made up of 12 Councillors who are deployed in the various Council Committees (Portfolio Committees), namely:-

<i>Committee for Service Delivery and Infrastructure Development</i>	<i>Committee for Finance Governance and Administration</i>	<i>Committee for Economic Development and Investment Promotion</i>	<i>Committee for Community Service</i>
Cllr S Moabi – Chairperson Cllr W Matinyane Cllr J Matome	Cllr T Motshabi – Chairperson Cllr S Moabi Cllr A Jones – Deceased	Cllr J Motladiile – Chairperson Cllr C Mogwata Cllr V Qankase	Cllr J Matome – Chairperson Cllr V Qankase Cllr J Mjuleni Cllr CMogwata CllrJM Motladiile Cllr M Matinyane

The Ventersdorp Local Municipality established Shared Service Audit Committee as well as Municipal Public Accounts Committee (MPAC), with the purpose of commenting and making recommendations on the annual report and the Auditor-General's Report. The Oversight Committee Report is published separately in accordance to the Municipal Finance Management Act, No. 56 of 2003; two months after the Annual Report had been tabled.

POLITICAL STRUCTURE		FUNCTIONS
<p>Cllr CN Phoyane</p> <p>SPEAKER/MAYOR</p> <p>PR</p> 		<p>The Mayor identifies the needs of the municipality, review and evaluate those needs, in order to priority, recommends to the municipal council strategies, programmes and services to address priority needs through the IDP and estimates the value of revenue and expenditure, taking into account any applicable national and provincial development plans and recommends and determines the best way to deliver strategies, programmes and services to maximum benefit of the community. The Mayor also performs ceremonial functions role.</p> <p>As the Council Speaker also she presides at the meetings and ensure that meetings are conducted according to rules of order of the Council.</p>
<p>Cllr S Moabi</p> <p>PR</p>		
<p>Cllr T Motshabi</p> <p>Ward: 02</p>		
<p>Cllr V Qankase</p> <p>Ward: 06</p>		
<p>Cllr W Matinyane</p> <p>PR</p>		

Cllr J Motladiile Ward:03		
Cllr J Mjuleni Ward:05		
Cllr M Matinyane Ward: 04		
Cllr J Matome Ward: 01		
Cllr L Links PR		
Cllr C. Mogwata PR		

COUNCILLORS

Councillors provide a vital link between communities they serve and the whole of Ventersdorp. They are responsible for representing the needs and interests of the people they represent, regardless of whether they voted for them. Although councillors are not usually full-time professionals, they are bound by a code of conduct. The councillors serve for five years.

The Municipal Council of Ventersdorp consists of 11 councillors due to the passing on of the DA councillor (Cllr A Jones) during the 2014/2015 financial year, may his soul rest in peace. Six (6) represents wards and the rest are (Proportional representatives). See Appendix A, where a full list of councillors can be found (including committee allocation and attendance of council meetings).

Ward councillors have to balance the expectations of their wards and their political parties. The Ward councillor is the chairperson of the relevant ward committee and is responsible for convening the constituency meeting to elect ward committee

members, calling ward committee meetings, ensuring that a schedule of meetings is prepared, handling queries and complaints in the ward, resolving disputes and making referrals of unresolved disputes to the municipality and for ensuring that the ward committee does what the municipality expects in regard to reporting procedures. See Appendix B, which set out committee and the purpose of committees.

The Ward councillors should be fully involved in all community activities in which the ward committee is engaged and communicate the activities and meeting schedules to the PR Councillors. PR means (Proportional representation), where voters vote for a political party and not an individual candidate within the party. The ballot paper just shows the political parties. The party gets the same share of the number of councillors as the share of total PR votes it received. The party decide which member is to fill those councillor positions. A PR Councillor is allocated to a ward and provides support to the ward councillor in things that relate to the ward or the ward committee.

PR councillor's role is to handle queries and complaints in consultation with the ward councillors, assist in resolving of disputes and make referrals and assist in implementation of projects, support the ward councillors, attending ward committee meetings, constituency meetings and special meetings.

POLITICAL DECISION-MAKING

As a municipality with the Portfolio Committee all matters for consideration must be recommended to Council.

Matters delegated by Portfolio Committee are finalised at the Council Level.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 82 of the Municipal Structure Act 117 of 1998 amended that the municipality must appoint the Municipal Manager, who is the head of Administration and therefore Accounting Officer.

Section 51(i) of the Systems Act states that the municipality must organise its administration in a manner that enables it to hold the Municipal Manager accountable for the overall performance of the municipality.

Municipal Manager must manage the communication between the political structure and office-bearers and the administration (S 55(1) (j) of the Systems Act). The Municipal Manager has to exercise responsibilities subject to the policy directions of the Council. As the Accounting Office, the Municipal Manager is also responsible for all income and expenditure, all assets and discharge of liabilities of the municipality and the compliance with the municipal finance management legislation.

In terms of section 55 of the Local Government: Municipal Systems Act 32 of 2000, as amended the Municipal Manager as head of administration is subject to policy directives of the Municipal Council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government. In terms of Section 50 of Local Government: Municipal Systems Act 32 of 2000, as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager and who must have the relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

The Municipal Manager and directors form the Senior Management core and all directors are accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditure in each directorate is managed by the relevant director in order to ensure that service delivery matters are handled quickly.

All the below positions are section 56/57 positions

TOP STRUCTURE

	Mr MI Moruti Acting Municipal Manager	As head of administration and Accounting Officer of the municipality the Municipal Manager is subject to the policy directions of the municipal Council and is responsible and accountable for duties and responsibilities outlined under Section 55 of the Local Government: MSA, Act 32 of 2000, as amended and any other relevant duties as may be delegated by the Mayor and Council
	Ms P Nzimankulu Acting Director Corporate Services	The Director is responsible for establishing and maintaining structures, with the parameters of legality and good governance, that will provide administration that is appropriately relevant, Legal Support, Human Resource Management; and IT
	Mr CWK Kgosiemang Acting Director Financial Services	This Department is responsible for ensuring effective and efficient strategic management of the finance portfolio, which includes budgetary management, financial accounting management, SCM, Credit Control Management, investment and banking, treasury management and risk management.
	Mr OG Moremedi Director Infrastructure Services	This Department is responsible for all Water, Sanitation, Electricity and Roads Services of the Municipality as well as well-established and well-maintained infrastructure that will stimulate growth, resulting in a broader income base and that will encourage taxpayers to sustain payments because of well-established and well-maintained infrastructure
	Mrs BMB Mosepele Director Community Services	This Department is responsible for Environmental Health, Traffic, Fire Brigade, Security and Library Services
	Mr W Marx Acting Director Strategic Planning and LED	This Department is responsible for Housing, Town Planning, IDP Processes and LED Services

*The third tier of posts/positions can be seen in **Appendix C**

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Promoting intergovernmental relations (IGR) helps to make everyone aware that there is one seamless government working together to serve the people. It builds teamwork with the various spheres of government and between government and its agencies as well as other partners in development.

Planning and budgeting, consultations and meetings as well as information sharing sessions, reporting and monitoring and evaluation.

Basic Service Delivery is the core function of the municipality. Co-operative governance is an agreement entered into by the spheres of government to accelerate service delivery within the constitutional mandate.

Forums have been established to share best practices among municipalities and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottlenecks in certain spheres. Such forums must be attended to report on service delivery (namely):-

- ❖ District IGR Forum
- ❖ Municipal Manager's Forum
- ❖ Chief Financial Officer's Forum
- ❖ IDP and PMS Co-ordinator's Forum

The Ventersdorp Local Municipality is a member and does participate in these forums, including SALGA, Provincial and National Level.

2.3 INTER-GOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURE

Ventersdorp Local Municipality is a member of the Local Government body, SALGA (South African Local Government Association) both at Provincial and National Level.

Elected councillors are accordingly deployed into various working Committee groups of SALGA. Employees and councillors participate in structures such as Pension Fund and Medical Aid bodies, to ensure proper handling of their affairs affecting Council and employees.

The Department of Monitoring and Evaluation (DPME) in the presidency developed the Local Government Management Improvement Model (municipal assessment tool) as an information management and performance monitoring tool to assess municipalities and provide information on national scale and rank to performance to municipalities against their key indicators. The Ventersdorp Local Municipality form part of the North-West municipalities identified for this model.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Ventersdorp Local Municipality is a participant in NWDEDT (North-West Department of Economic Development and Tourism) forum. Through this forum Ventersdorp will be making progress on the Development of N14.

The Municipality also participate in North-West Planning Commission. The commission assist municipalities in aligning their development programmes with the National Planning Commission's priorities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

In our District Municipality, the Dr Kenneth Kaunda District Municipality establish various IGR structures such as:-

- ❖ District Economic Development Forum
- ❖ Mining Forum
- ❖ Rural Economic Development Forum
- ❖ District IDP Forum

These forums meet quarterly to discuss planning in consultation with one another so as to solicit financial assistance from the district municipality in funding projects of mutual benefit to municipalities within the district. Councillors and officials represents Ventersdorp Local Municipality in DR Kenneth Kaunda District Municipality, where issues of mutual interests are discussed, such as IDP and Budget, consultations and meetings as well as information sharing sessions, reporting and monitoring and evaluation.

COMPONENTS C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Municipal Public Accounts Committee is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council.

MPAC undertake and manage similar functions and responsibilities for the municipalities, as undertaken by the Standing Committee of Public Account in the national and provincial legislatures, except for certain powers regarding subpoena of individuals. In the case of any irregular expenditure or any fruitless and wasteful expenditure incurred by the municipality or municipal entities, the MPAC have the right to call upon the Accounting Officer of the municipality or the chairperson of the municipal entity's board of directors to appear before it to provide information or clarity.

The MPAC may engage directly with the public and consider public comments when received and be entitled to request for documents or evidence from the Accounting Officer of the Municipality.

Section 129(4) of the MFMA further provides for the issuance of guidance on the manner in which municipal councils should consider annual reports and conduct public hearing, and the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Ventersdorp Local Municipality values the public participation of its community in governance. To this end, the municipality has established ward committees in all 6 wards. Ward committee provide an important role for the municipality to consult with its communities.

The municipality and ward committees have initiated other mechanism of deepening and broadening public participation. These includes the compilation of a database of all relevant community and stakeholders organisations, informs community, and stakeholders of the municipality's intentions to embark on the Integrated Development Planning process by:-

- Participating in the IDP Representative Forum to:-
 - Inform interest groups, communities and organisations of relevant planning activities and their outcomes;
 - analyse issues, determine priorities, negotiate and reach consensus;
 - participate in the designing of project proposals and or in assessing them;
 - discuss and comment on the draft IDP;
 - ensure that annual business plans and budgets are based on and linked to the IDP; and
 - monitor Performance in implementation of the IDP.

Mechanism and procedures for the public participation process:-

- ❖ Compilation of a database of all relevant community and stakeholder organisations and sent invitations;
- ❖ informing community and stakeholders through the notices at prominent locations (e.g. pay points) etc;
- ❖ advertisement in the local newspaper;
- ❖ ward meetings through ward councillor;
- ❖ radio announcements; and
- ❖ direct notices in their billing accounts of the municipality.

Public Participation

- ✦ Venue for public participation: the venue of the IDP Rep Forum will be offices of the municipality. An assessment will be made to verify availability of the facilities and bookings will be made in advance.
- ✦ Time arrangements for participation.
- ✦ Arrangements to be made at all times that will suit the majority of the participants.
- ✦ Transport arrangements.
- ✦ Members of the IDP Rep Forum are liable for their own transport costs to the respective workshops.
- ✦ Arrangement for report back by representatives.
- ✦ Representatives are encouraged to report back to their organisations after every session. The effectiveness of these report back are assessed by feedback from these organisation.
- ✦ Stakeholder's comment on the draft document.
- ✦ The participation programme will make sufficient allowance for stakeholders to comment on documentation before finalisation by the IDP Steering Committee.
- ✦ Council meeting for approval.
- ✦ Council meeting for the approval of the IDP will be open to the public.
- ✦ Availability of the IDP document to all stakeholders.
- ✦ Copies of the final IDP document will be available to all stakeholders and community.

WARD COMMITTEES

The main objective of a ward committee is to enhance participatory democracy in Local Government. The key purpose of ward committees is to increase the participation of local residents in municipal decision making as they are the direct link with the relevant council, they are the representative of the local ward and they should be involved in matters such as the IDP, the Annual Municipal Budget, Council Projects and Key Policies, as these things impact on local people. **(See Appendix E).**

Ward committees can identify and initiate projects to improve the lives of the people in the ward. They can support the councillor in dispute resolutions, providing information about municipal operations. They can monitor the performance of the municipality and raise issues of concern to the local ward and they can assist the community awareness campaigns on issues such as solid waste, water, sanitation, payment of fees and charges as members know their local communities and what council needs.

PUBLIC MEETINGS					
Nature and purpose of meeting	Number of participating municipal councillors	Number of participating municipal administrators	Number of community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Public participation on annual report	04	07	150	yes	Community meetings
Community Based Planning	03	02	800	yes	Community meetings
Community Meetings					
IDP & Budget Consultations meetings	08	10	2000	yes	Community meeting
Mayoral Imbizo	03	10	500	yes	Community meetings
Community meetings	08	None	2000	yes	Community Meetings
IDP consultative meeting	08	10	1400	yes	Community meeting
Public participation on annual report	04	07	150	yes	Community meetings

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP participation and alignment criteria	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPI's, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPI's in the strategic plan?	Yes
Do the IDP KPIs align to the section 56 managers?	Yes
Do the IDP KPIs lead to functional are KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No, due to council not sitting

**Section 26 of Municipal Systems Act 2000*

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The scope of corporate governance includes political, administrative, inter-governmental governance and public accountability and participation to ensure that the municipality is managed to the desired requirements of the community and within the rules, processes and laws by which the municipality operates and is regulated and controlled.

The national and provincial outcomes for local government can be seen in **Appendix N**.

2.6 RISK MANAGEMENT

Every entity faces risk and as stated in the MFMA section 62(i) (c) "A municipality should have and maintain an effective, efficient and transparent system of risk management". It is therefore an obligation of every municipality to ensure proper facilitation of risk management.

Effective risk management allows the municipality to:

- ✚ have increased confidence in achieving the municipal priorities and outcomes;
- ✚ constrain threats to avoidable risk;
- ✚ take informed decisions about exploiting opportunities;
- ✚ ensure that the right balance is struck between risks and rewards;
- ✚ improve working partnership arrangements and corporate governance; and
- ✚ ensure ultimately that the municipality maximises its opportunities and minimises the impact of the risks it faces, thereby improving the ability to deliver good services to the community at large.

The Ventersdorp Local Municipality has a challenge on the Risk Management, as the municipality has no personnel to perform the function accordingly. SALGA NW assisted the municipality to identify the strategic risks outlines, which was not completed with the operational, the register is incomplete.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Fraud and Anti-Corruption Strategy was adopted on the 30 May 2014. All incidents relating to fraud and corruption must be reported directly to the Director Corporate Services or if deemed necessary, to Council. It is an objective of the unit to ensure that fraud and corruption are eliminated and proper measures are developed to prevent possibilities of recurrence in future.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW OF SUPPLY CHAIN MANAGEMENT

Description of the activity

The Supply Chain Management is located in the Budget and Treasury Office. This function is responsible for the following:-

Reviewing Supply Chain Management Policy; compilation of the Supply Chain Management procedure, manual enhancing buying of goods and services, compiling a list of accredited prospective service providers according to expertise and reporting the implementation of SCM quarterly.

Current Situation

Currently the section is responsible for processing of orders on all procurements done for the municipality, advertisement of all tenders and serving as secretariat to bids committees. The senior managers, middle management and supply chain practitioners received training on the policy and supply chain processes to ensure adherence to the law and regulations. Contract management training was also provided finance officials.

The challenge facing the section is to ensure the buying of goods and services are done within the prescripts of supply chain management policy. The Disposal Management Committee must be established in terms of the Supply Chain Regulations.

Supply Chain Management Strategies

- A preferred list of suppliers/service providers, based on the principle of supporting the local economy, will be prepared.
- To have a procedure manual developed and implemented.
- To make sure that all documents are safely kept for audit purpose.
- To train staff in other departments in the internal procedures of the SCM.

2.9 BY-LAWS

The Municipality has 3 by-laws which were gazetted during the 2013/2014 namely:-

- ❖ Credit Control, Customer Care and Debt Collection;
- ❖ Property Rates; and
- ❖ Tariffs.

For the financial year under review there is no by-law approved by Council or gazetted.

2.10 WEBSITE

All documents published on the municipality's website as per stipulated by legislation: Link www.ventersdorp.co.za

Documents published on the Municipality's Website	Yes/No	Publishing date
Current annual and adjustments budgets and all budget-related documents	Yes	Feb 2016
All current budget-related policies	Yes	31 May 2016
The previous annual report 2014/2015	Yes	Jan 2016
The annual report 2013/2014 published	Yes	Mar 2016
All current performance agreement required in terms of section 57 (1)(b) of the Municipal Systems Act (2000) and resulting scorecard	Yes	31 July 2015
All quarterly reports tabled in the Council in terms of section 52(d) during 2014/2015	Yes	July 2015
All Service Delivery Agreements 2015/2016	No	
All long term borrowing contracts 2015/2016	No	
All Supply Chain Management Contracts above a prescribed value 2015/2016	Yes	None
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during 2013/2014	No	None

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVEL

In order to give effect to the provision of the Municipal Systems Act, Act 32 of 2000 chapter 6 section 42 and chapter 8 section 73(2) (e), community satisfaction surveys was not conducted, only complain boxes were placed for the community in the municipality's building (Mayor's Office, Engineering Services, main municipality building, reception area) which the management never received any report of the effectiveness of the complaint boxes for this financial year.

The relevant department to develop and issue a questionnaire to every department for the public to evaluate and comment on the service rendered by the municipality. The questionnaire will assist in improving and identifying areas which need to be improved and will also provide new ideas in order to improve performance by various municipal departments.

Chapter 3



Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

INTRODUCTION

Service delivery in terms of the Constitution of the Republic of South Africa, Schedule 4, part B determines the functions of the municipality and therefore its responsibility towards the community. In terms of the IDP and the strategic objectives of the Ventersdorp Local Municipality, certain issues are set out to be achieved during the financial year.

The Ventersdorp Local Municipality set out to achieve the following:-

- ✓ Ensure that Ventersdorp residents have access to basic and essential service.
- ✓ Implementation of all Capital projects by the beginning of every financial year.
- ✓ Arrange and ensure that monthly meetings for monitoring and supervision of service providers.
- ✓ Enter into service level agreements with all service providers: Deliverables clearly stated in terms of key performance areas and key performance indicators.
- ✓ Develop clauses of non-performance and measures to be taken against service providers immediately.
- ✓ Develop contracts for Council adopted repair and maintenance documents for daily routine maintenance for the Infrastructure Services.
- ✓ Provide monthly supply deficiency and electricity and water.
- ✓ Install tracking devices in all Council vehicles
- ✓ Develop database for old and new infrastructure assets.
- ✓ Conserving and protecting the natural resources.

The following have been achieved during the period 2015/2016:

14 562 Households provided with access to basic water.
 12 674 Households provided with access to basic sanitation.
 12671 Households provided with access to basic electricity.
 6773 Households provided with access to basic refuse removal.
 3302 Registered rural settlements earning less than R2 440 per month (indigent) with free basic services.
 2205 Provided approved households earning less than R2 440 per month (indigent) with free basic services,
 0 Provided approved rural settlement (indigent) with free basic alternative energy,

The above-mentioned achievements are part of municipal functions, as in terms of the Constitution of the Republic of South Africa, Schedule 4, Part B functions. See Appendix D.

Appendix F indicates the basic service provision.

COMPONENT A: BASIC SERVICE DELIVERY

This component includes water; waste water (sanitation), electricity, waste management and human settlements; a summary of free basic service is also provided.

INTRODUCTION TO BASIC SERVICE

The municipality does not make sure of entities within the municipality to provide specific services.

The following table sets out challenges that influence basic service provision standards:-

BASIC SERVICE PROVISION	CHALLENGES
Water	<ul style="list-style-type: none"> ➤ Ageing infrastructure ➤ Growing of Informal Settlement ➤ Water losses ➤ Limited funding
Sanitation	<ul style="list-style-type: none"> ➤ Unnecessary drain blockages ➤ Growing of informal settlement ➤ Limited Funding
Electricity	<ul style="list-style-type: none"> ➤ Illegal Connections ➤ Growing of Informal Settlement ➤ Electricity losses ➤ Ageing of infrastructure ➤ Limited funding
Roads and Storm-water drainage	<ul style="list-style-type: none"> ➤ Limited of funding ➤ Ageing infrastructure
Refuse removal and solid waste disposal	<ul style="list-style-type: none"> ➤ Inadequate and inefficient vehicles for effective service delivery manpower ➤ Commitment of staff

DEFINITION OF A HOUSEHOLD/HOUSING UNIT

Household: A household consist of a person, or a group of persons, who occupy common dwelling (or part of it) for at least four days a week and who provide themselves jointly with food and other essentials for living. In other words, they live together as a unit. People who occupy the same dwelling but who do not share food or other essentials were counted as separate households during 2011 census. E.g. people who shared a dwelling but who bought food and ate separately were counted as separate households.

Visitors, both foreign and South African as well as boarders who stayed with a household on census night, 9 October 2011, were counted as part of that household. People who were absent on census night but were not counted elsewhere (either because they were working, travelling, at a church vigil, at an entertainment centre and etc.) and returned to the household on Tuesday, 10 October, were counted as part of the household. Live-in domestic workers and live-in employees were regarded as separate households (Statistics SA, Census 2011).

House Unit: A housing unit is a unit of accommodation for a household, which may consist of one structure or more than one structure or may be part of a structure, for example a house, a group of rondavels and a flat. In informal areas and overcrowded conditions a housing unit may house more than 1 household¹.

The types of living quarters classified as housing units are as follows:-

- House or brick structure on a separate stand or yard;
- traditional dwelling/hut/structure made of traditional material;
- flat in block or flats;
- town/cluster/semi-detached house (simplex, duplex, triplex);
- house/flat/room in back yard;
- informal dwelling/shack in back yard or not in back yard, e.g. in an informal/squatter settlement;
- room/flat that is let, not in a back yard but on a shared property;
- caravan or tent; and
- A private ship/boat.

(Statistics SA, Census 2011)

DEFINITION OF AN INFORMAL SETTLEMENT

Informal settlements are groups of people living on land to which they have no legal claim. It is also known as an unplanned settlement on land which has not been surveyed or proclaimed as residential, consisting mainly of informal dwellings; informal settlements are also referred to as squatter settlements, slums or a shanty towns).

(Statistics SA, Census 2011)

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

One of the major goals of South African Government is to ensure access to safe and reliable water services for all communities. Regardless of the raw water sources, with adequate treatment infrastructure and optimal treatment processes safe and reliable drinking water services can be provided to consumers, although unexpected incidents may disrupt water supplies. Natural disasters such as floods and manmade incidents may significantly disrupt and impact on the quality of water services, thus posing a significant health risk to consumers.

The Water Services Act 108 of 1997, section 5(4) states that in emergency situations, a Water Service Authority (WSA) must take reasonable steps to provide a basic water supply to any person within its area of jurisdiction and may do so at the cost of the authority.



Year	Agriculture/ Commercial	Industrial	Domestic	Unaccountable Water Losses
2013/2014	178 900	594 000	1 980 000	10 381 710.00
2014/2015	178 900	594 000		10 381 710.00
2015/2016	178 900	594 000		10 381 710.00

COMMENT ON WATER USE BY SECTOR

Old water infrastructure

Overtime allowance increases as filling of posts is delayed (adoption of new organisational structure).

Supply chain process (to procure services).

Minimised budget and problems with payment of service providers.

ACCESS TO WATER			
Year	Proportion of households with access to water points	Proportion to households with access to piped water	Proportion of households receiving 6 kl free
2013/2014	83.6%	83.6%	90%
2014/2015	83.6%	83.6%	90%
2015/2016	83.6%	83.6%	90%

Water Service Delivery Levels				
Description	2012/2013	2013/2014	2014/2015	2015/2016
	Actual No	Actual No	Actual No	Actual No
Water: (above min level)	15583	15583	16411	16714
Piped water inside dwelling	2912	2912	2912	3215
Piped water inside yard (but not in dwelling)	6773	6773	7601	7601
Using public tap (within 200m from dwelling)	5898	5898	6726	6726
Other water supply (within 200m)	-	-	3150	3150
Minimum service level and above – subtotal	15583	15583	16411	16714
Minimum service level and above – percentage	94%	94%	95%	95%
Water: (below min level)			1509	
Using public tap (more than 200m from dwelling)	2898	5898	5184	5184
Other water supply (more than 200m from dwelling)	250	350	359	359
No water supply	0	0	0	
Below minimum service level – subtotal	1470	1470	1509	1509
Below minimum service level – percentage	17.01%	23.80%		23.80%
TOTAL NUMBER OF HOUSEHOLDS	16585	16585	17413	

HOUSEHOLDS – WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM					
Description	2013/2014	2014/2015	2015/2016		
	Actual No	Actual No	Original Budget No	Adjusted Budget No	Actual No
Formal Settlements					
Total households	309 230.44	17413			17413
Households below minimum service level	687.02	705.913			705.913
Proportion of households below	0.2%	4.054			4.054
Minimum service level	812	3150			3150
Informal Settlements	390230.44	1741			1741
Total households	R390230.44	17413			17413
Households below minimum service level	R 68 843.70	1741			1741
Proportion of households below	17.64%	9%			9%
Minimum service level					

EMPLOYEE INFORMATION

EMPLOYEES: WATER SERVICES					
Job Level	2014/2015	2015/2016			
	Employees No	Post No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	1	0	1	100%
4-6	0	2	1	1	50%
7-9	5	6	5	1	17%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	4	6	4	2	33%
19-20	0	0	0	0	0%
Total	9	15	10	5	33%

FINANCIAL PERFORMANCE 2015/2016: WATER SERVICES					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	7 855	3 357	3157	4 794	29.97
Expenditure					
Employees	2 418	2 763	2 773	2 564	7.76
Repairs and maintenance	296	1 315	1315	613	114.52
Other	2 041	2 000	1995	2 139	6.5
Total operational expenditure	4 755	6 078	6083	5 316	14.33
Net operational expenditure	3 100	(2 721)	(2 926)	(522)	

**Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION

The objective of sanitation is:

- To fill vacant positions in order to ensure sufficient maintenance teams for the maintenance of sewer network and the proper day-to-day running of the waste water treatment plants, thus rendering an effective service to the community.

MEASURES TAKEN TO IMPROVE PERFORMANCE

During IDP processes all communities are involved to voice their needs to the municipal officials and councillors. The section's provision of service is aimed at ensuring proper rendering of sanitation service while simultaneously preventing environmental pollution caused by poor sanitation services.

ACHIEVEMENTS

The green drop status has increase to 31%

SANITATION SERVICE DELIVERY LEVEL				
Description	2012/2013	2013/2014	2014/2015	*HOUSEHOLDS 2015/2016
	Outcome No	Actual No	Actual No	Actual No
Sanitation/Sewerage (above minimum level)				
Flush toilet (connected to sewerage)	5868	6773	6773	7076
Flush toilet (with septic tank)	495	495	495	495
Chemical toilet	232	232	232	232
Pit Toilet (ventilated)	4674	4674	5174	5174
Other toilet provisions (above minimum service level)	160	160	160	160
Minimum service level and above – subtotal	11431	12334	12834	13137
Minimum service level and above – percentage				
Sanitation/sewerage (below minimum level)				
Bucket toilet	0	0	0	0
Other toilet provisions (below minimum service level)	196	300		300
No toilet provisions	535	450		0
Below minimum service level – subtotal				
Below minimum service level – percentage				
Total Households	14 562	16585	25668	26874

**Total number of households including informal settlements*

HOUSEHOLDS – SANITATION SERVICES DELIVERY LEVELS BELOW THE MINIMUM						
Description	2012/2013	2013/2014	2014/2015	2015/2016		
	Actual No	Actual No	Actual No	Original Budget No	Adjusted Budget No	Actual No
Total households	16585	739 043.92	16585	6090750		16835
Households below minimum service level	2388		2388			2638
Proportion of households below	16.40%		16.40%	16.40%		17.27%
Minimum service level	4674		4674			4924
Informal Settlements						
Total households	2569		2569			2819
Households below minimum service level	2569		2569			2569
Proportion of households below	17.54%		17.54			17.54%
Minimum service level	4674		4674			4924

EMPLOYEE INFORMATION

EMPLOYEES SANITATION SERVICES					
Job Level	2014/2015	2015/2016			
	Employees No	Post No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	0	0	0	0	0%
7-9	0	1	0	1	100%
10-12	0	0	0	0	0%
13-15	0	1	0	1	100%
16-18	14	14	13	1	7%
19-20	0	0	0	0	0%
Total	14	16	13	3	19%

FINANCIAL PERFORMANCE 2015/2016: SANITATION SERVICES					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget*
Total operational revenue	5 807	6 091	6 139	6 243	2.43
Expenditure					
Employees	1 373	1 468	1 477	1 416	3.67
Repairs and maintenance	818	1 565	1 565	2 134	26.66
Other	211	599	380	265	126.04
Total operational expenditure	2 402	3 632	3 422	3 815	4.8
Net operational expenditure	1 815	2 459	2 717	2 428	

*Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual??

NATIONAL KEY PERFORMANCE INDICATOR

3.3 ELECTRICITY PROVISION

INTRODUCTION TO ELECTRICITY PROVISION

Ventersdorp has two licensed distribution of electricity within its jurisdiction; it is Eskom and Ventersdorp Local Municipality. Eskom provide electricity mostly in villages which are: (Welgevonden, Goedgevonden, Tsetse, Ga-mogopa and other Farm areas). The Ventersdorp Municipality provides electricity to the community of (Ventersdorp "town", Tshing, Boikhutso, Boikhutsong, etc.).

Currently the provision of basic electricity at household level in both licensed areas is done on an annual basis with funding from the Department of Energy through the Integrated National Electrification Programme (INEP). Through this programme the Ventersdorp municipality has electrified households that are proclaimed as residential with 7.5% progress in the case of houses with access by end of 2014. This allowed the municipality to provide electricity to most indigent households.

PROVISION OF ELECTRICITY BY 2016



Provide electricity

The major impact of meeting priorities was the provision of electricity to 6773 households in township as well as provision of basic electricity to 300 households.

To ensure improved performance, a maintenance plan to be developed for electricity infrastructure. It will make a major change which will lead to reducing power interruptions/outages and prolonged the useful life of infrastructure. The major challenges are the ageing infrastructure, limited funding for refurbishment of the electricity and the capacity constraints, (qualified electricians) on the grid to meet the growing demand of residential development.

The municipality has an alternative energy programme (schedule) based on paraffin to address the challenges of poor communities that are not connected to the electricity grid. During the financial year under review the municipality has been experiencing the challenges of supplying community with alternative energy due to financial constraints and low revenue collection.

ELECTRICITY SERVICE DELIVERY LEVELS				
Description	2012/2013	2013/2014	2014/2015	2015/2016
	Actual No	Actual No	Actual No	Actual No
Energy (above minimum level)				
Electricity – prepaid (minimum service level)	7038	7732	8364	8364
Electricity – other (minimum service level)	650	700	632	632
<i>Minimum service level and above – subtotal</i>	7688	8432	8996	8996
<i>Minimum service level and above – percentage</i>	9.2%	9.0%	7.6%	7.6%
Energy (below minimum level)				
Electricity (minimum service level)	13868	16141	16969	16969
<i>Below minimum service level – subtotal</i>	694	444	444	444
<i>Below minimum service level – percentage</i>	4.76%	2.68%	2.5%	2.5%
Total number of households	14562	16585	17413	17413

HOUSEHOLDS – ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						Households
Description	2012/2013	2013/2014	2014/2015	2015/2016		
	Actual No	Actual No	Actual No	Original Budget No	Adjusted Budget No	Actual No
Formal Settlements		R 3 245 685.06				
Total households	7038	3 202 262.77	8364	5 082 150		
Households below minimum service level	694	R 320 052.00	444	0		
Proportion of households below minimum service level	9.86%	9.9%	5.31%	0		
Informal Settlements	1002	R 13 550 000.00	444	17 600 000.00		1 600
Total households	1002	R13 550 000.00	444	17 600 000.00		1 600
Households below minimum service level	1002	R 13 550 000	444	17 600 000.00		1 600
Proportion of households below minimum service level	100%	100%	100%			

SERVICE DELIVERY STATISTICS				
DETAILS	2013/2014	2014/2015	2015/2016	
Customer Care Office				
▪ Streetlight complaints received	306		120	12
▪ Lower voltage service connections complaints received	66		3223	554
▪ High mast light complaints received	26		9	5
Planning				
▪ Request for electricity supply	49	14	140	
▪ Connections made	49	14	76	
▪ Business license inspections	14	0	0	
▪ Electrical installation inspections	14	00	100	
▪ Meter tampering investigations carried out	19	30	85	2
▪ Meter tampering fines issued	09		55	18
Electrical Distribution				
▪ High mast lights repaired	9		9	11
▪ Street lights repaired	109		32	47
▪ Low voltage service connections repaired	66		119	554
Fleet Maintenance				
▪ Number of vehicles serviced	9		12	
▪ Number of other equipment repaired	3		76	
			1500	
Mechanical Workshop				
▪ Water pumps repaired	7	8	45	0
▪ Sewerage pumps repaired	12	2	29	0
▪ Hydraulic system repaired	3	0	0	0
▪ Welding works done	0	0	0	0

EMPLOYEE INFORMATION

EMPLOYEE: ELECTRICAL AND MECHANICAL SERVICES					
Job Level	2014/2015	2015/2016			
	Employee No	Posts No	Employees No	Vacancies No	Vacancies (as % of total posts)
0-3	0	0	0	0	0%
4-6	3	4	3	1	25%
7-9	7	7	7	0	0%
10-12	1	1	1	0	0%
13-15	0	0	0	0	0%
16-18	3	4	3	1	25%
19-201	0	0	0	0	0%
Total	14	16	14	2	13%

FINANCIAL PERFORMANCE 2015/2016: ELECTRICAL AND MECHANICAL SERVICES					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	39 278	40 426	42 026	43 723	7.54
Expenditure					
Employees	4 760	5 168	5 611	5 048	2.38
Repairs and maintenance	2 191	1 634	2 834	3 496	53.26
Other	43 280	49 145	49 020	52 694	6.74
Total operational expenditure	50 231	55 947	57 465	61 238	8.64
Net operational expenditure	10 953	(15 521)	(15 439)	(17 515)	

*Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual

NATIONAL KEY PERFORMANCE INDICATOR

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The cleansing section's function is to provide an acceptable, affordable and sustainable cleansing service to all the residents of Ventersdorp.

Description of the activities is:-

- Refuse removal
- Litter collection
- Vacuum tanks
- Public toilets
- Additional refuse
- Administration and support system



Description	2013/2014	2014/2015	2015/2016
	Outcome No	Outcome No	Outcome No
Waste removal: (Minimum level)	6773	7775	8078
Removed at least once a week	6773	7775	8078
Minimum service level and above – subtotal	6773	7775	8078
Minimum service level and above – percentage	6773	7775	8078
Waste Removal: (below minimum level)	7803	7803	7803
Removed less frequently than once a week	0	0	0
Using communal refuse dump	7803	7803	7803
Using own refuse dump	7803	7803	7803
Other rubbish disposal		7803	7803
No rubbish disposal	7803	7803	7803
Below minimum service level – subtotal	0	7803	7803
Below minimum service level – percentage	7803	7803	7803
Total households	16585		

HOUSEHOLDS – WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	2012/2013	2013/2014	2014/2015	2015/2016		
	Actual No	Actual No	Actual No	Original Budget No	Adjusted Budget No	Actual No
Formal settlements	6773	6773	6773			6773
Total households	14562	14562	14 562			14 562
Households below minimum service level	4519	4519	4519			4519
Proportion of households below minimum service level	31.03%	31.02%	31.02%			31.02%
Informal settlements	1500	1500	1488			1488
Total households	1500	1500	1488			1488
Households below minimum service level	4460	0	8782			8782

Proportion of households below minimum service level	33.63%	31.02%	16.94%			
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EMPLOYEE INFORMATION

EMPLOYEE: WASTE MANAGEMENT SERVICES					
Job Level	2014/2015	2015/2016			
	Employee No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	0	1	0	1	100%
7-9	2	2	2	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	10	11	10	1	9%
19-20	0	0	0	0	0%
Total	12	14	12	2	14%

FINANCIAL PERFORMANCE 2014/2015: WASTE MANAGEMENT SERVICES (REFUSE REMOVAL AND LITTER COLLECTION)					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	3 817	3 999	3 949	4 117	2.86
Expenditure:					
Employees	899	561	696	1 096	48.81
Repairs and maintenance	50	110	110	32	243.75
Other	311	266	275	336	20.83
Total operational expenditure	1 260	937	1 081	1 464	35.99
Net operational expenditure	2 557	3062	2 868	2653	

*Variances are calculated by dividing the difference between the Actual and Adjustment Budget by the Actual.

NATIONAL KEY PERFORMANCE INDICATOR

3.5 HUMAN SETTLEMENT

INTRODUCTION OF HUMAN SETTLEMENT

To accelerate housing delivery through efficient and effective human settlements management and quality service delivery as well as through integrated and collective sustainable settlements programmes. Our priority remains that of eradicating the remaining informal settlements and introduces a rental strategy as an alternative to address housing backlogs. Our ultimate goal is to house communities by restoring their dignity.

GOALS

- To ensure that beneficiaries acquire security tenure
- To improve living conditions of households in Ventersdorp
- Access adequate housing

CHALLENGES

- Illegal occupation of land and RDP houses
- Blocked housing projects

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of households in formal settlements
2013/2014	905	905 ext. 8 and 11	0

2014/2015			
2015/2016			

EMPLOYEE INFORMATION

EMPLOYEES: HUMAN SETTLEMENTS					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	1	1	1	0	0%
7-9	1	1	1	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	2	2	2	0	0%

COMMENT ON THE PERFORMANCE OF THE HUMAN SETTLEMENTS OVERALL (ACHIEVEMENTS 2014/2015)

No housing unit were allocated to the municipality by Provincial Human Settlement during the year under review

The following were achieved during 2014/2015

Project Name	No of Units	Status
Fikile Housing Project (whole village)	1000 units	415 units remaining (Blocked)
Project 303 (Ext 1, 2, & 3 Tshing)	303	140 units not constructed and 160 are at roof level (Blocked)

UNBLOCKED HOUSING PROJECTS	
None	
NEW HOUSING PROJECT 2015/2016	
New Housing Project 2014/2015	Status
219 units (Ext 8 Tshing In fills)	Contract appointed by November 2014

All of the above housing projects will be implemented by Provincial Department of Human Settlements

3.6 FREE BASIC SERVICE AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICE AND INDIGENT SUPPORT

The Council is responsible for the rendering of service in terms of schedules 4 and 5 of the Constitution as well as such other service as may be delegated by National and Provincial Government.

The economic cost to render the services will be calculated in accordance with the Council's tariff policy.

FREE BASIC SERVICE TO LOW INCOME HOUSEHOLDS									
Year	Earning less than R	Households earning less than R2, 440 per month							
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%
2012/2013		2426	100%	2426	100%	2426	100%	2426	100%
2013/2014		2513	100%	2513	100%	2513	100%	2513	100%
2014/2015	2560	2191	100%	2191	100%	2191	100%	2191	100%
2015/2016	2560	2191	100%	2191	100%	2191	100%	2191	100%

FINANCIAL PERFORMANCE 2014/2015: COST TO MUNICIPALITY OF FREE BASIC SERVICE DELIVERY						R'000
Service Delivered	2014/2015	2015/2016				Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual		
Free Basic Electricity	11 696 855	11 895		11895		-

NATIONAL KEY PERFORMANCE INDICATORS

COMMENT ON FREE BASIC SERVICE AND INDIGENT SUPPORT

➤ Alternative Energy

The municipality has not been able to allocate Free Basic Services to the community due to lack of funds.

3.7 BACK TO BASICS PROGRAMMES

INTRODUCTION ON THE CONCEPT OF BACK TO BASICS

The core services that local government provides - clean drinking water, sanitation, electricity, shelter, waste removal and roads - are basic human rights, essential components of the right to dignity enshrined in our Constitution and Bill of Rights. Our vision of developmental local government was that it would be the building block on which the reconstruction and development of our country and society was built, a place in which the citizens of our country could engage in a meaningful and direct way with the institutions of the state. Local government is where most citizens interface with government and its foundational ethos must be about serving people.

THE ACHIEVEMENT THROUGH THE BACK TO BASICS CONCEPT IN THE VLM DURING THE REVIEWED FINANCIAL YEAR

- ✚ The Back to Basics reviewed for Ventersdorp Local Municipality was adopted by Council on the 15 May 2015.
- ✚ A committee was established for the back to basics activities:-
 - ❖ Mr F Zoko Supervisor Road and Storm-Water (for the Guideline of the projects/services of the B2B)
 - ❖ Ms E Matjiane IDP Manager (For the Identification of the needs of the community as indicated in the IDP document)
 - ❖ Ms S. Jantjies PMS Manager (B2B Reporting)
 - ❖ Ms F Mathakola DRKKDM Environmental Health Shared Services (For the Support of the District for the projects/services of B2B)
- ✚ Launched on the 27/05/2015 and activities which were conducted are as follows:-
 - Erected the 2 speed hump;
 - repaired Potholes; and
 - cleaning the dumping site in ward 2 and ward 1;
 - The back to basics progress report has been submitted from the 22 May 2015 which will continue accordingly.
- ✚ Cleaning of Reservoir was conducted from the 10/05/2015 to 13/05/2015.
- Unblocked sewer pipes in Tshing



during 2015/16 FY

- ✚ Advertised for appointment of PSP for 2015/16 FY
- ✚ Procured protective clothing for 50 employees;
- ✚ Road markings in ward 2 during B2B Campaign Launch;
- ✚ Illegal Dumping sites were cleaned 30/06/2015;
- ✚ During the DRKKDM Mayoral Service Delivery Road Show, the Fencing of Graveyard in VSD was confirmed to be funded by the District;
- ✚ Expecting delivery of 70 skip bins in August 2015;
- ✚ Landfill site project is 90% complete and registration for licensing will commence immediately after completion of the project;
- ✚ Still in engagements with DBSA for support with the development of Master Plans. We have developed draft operations and maintenance plans with the support of MISA deployed. After consultation it will be tabled before council for approval;
- ✚ Finalised the project list for registration for implementation;

- ✚ Conducted medical check-ups for 60 employees;
- ✚ LLF was re-established on 26th May 2015 and Two (2) workshops planned for June 2015 (Organisational structure, collective agreement, role of all key stakeholders);
- ✚ We are also currently busy with the organisational re-engineering and diagnosis and DLG&HS progress with the support of the Dr KKDM;
- ✚ MPAC interviews on the Annual Report meeting was conducted on the 06/05/2015;
- ✚ The municipality engaged with the DLG&HS to assist with the compilation of 2015/2016 SDBIP, from 17/06/2015 to 18/06/2015; and
- ✚ Provision of the office space for MPAC was done, during Sep 2014. , Their support staff member started Jan 2015 as the Acting MPAC administrator.

COMPONENT B: ROAD TRANSPORT

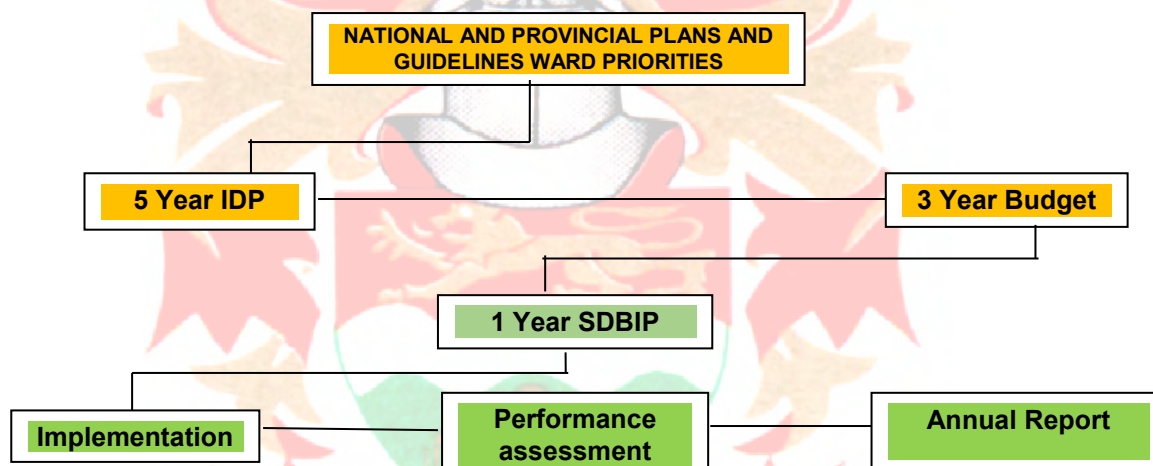
This component includes Road and Storm-Water Drainage, and Licensing Services

3.8 ROAD AND STORM-WATER DRAINAGE

The objectives of roads and storm-water are:

- ✓ To provide safe and quality infrastructure for the people of Ventersdorp; and
- ✓ To provide a healthy and safe environment to our community.

HOW CAN WE IMPLEMENT OUR STRATEGY



The development of our people and alleviation of poverty by creation of jobs through EPWP (Extended Public Works Programme) is a core priority. Through the implementation of storm-water projects, Ventersdorp Local Municipality plays a role in the development of its people and in poverty alleviation.

GRAVEL ROAD INFRASTRUCTURE				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometres Gravel roads graded/maintained
2013/2014	n/a	n/a	n/a	n/a
2014/2015	n/a	n/a	n/a	n/a
2015/2016				

TARRED ROAD INFRASTRUCTURE				
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Kilometres Tar roads maintained
2013/2014	53km	4.8 km	0	6km
2014/2015				
2015/2016				

COST OF CONSTRUCTION/MAINTENANCE						
Year	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2013/2014	0	0	0	R12 000 000	0	107263
2014/2015						
2015/2016						

EMPLOYEES: ROAD AND STORM-WATER DRAINAGE					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies / Over	Vacancies (as a

				No	% of total posts)
0-3	0	0	0	0	0%
4-6	1	1	1	0	0%
7-9	1	3	1	2	67%
10-12	3	6	2	4	67%
13-15	0	0	0	0	0%
16-18	3	10	3	7	70%
19-20	0	0	0	0	0
Total	8	20	7	13	65%

FINANCIAL PERFORMANCE 2015/2016: ROAD AND STORM-WATER DRAINAGE SERVICES						R'000
Details	2014/2015	2015/2016				Variance to
	Actual	Original Budget	Adjustment Budget	Actual	Budget	
Total operational revenue	21 907	2 916	2 916	2 509		16.22
Expenditure						
Employees	2 922	3 043	3 389	2 768		9.93
Repairs and maintenance	347	2 420	1 120	456		430.7
Other	1 621	3 153	3 140	2 620		20.34
Total operational expenditure	4 890	8 616	7 649	5 844		47.43
Net operational expenditure	17 017	(2907)	(4 733)	(3 335)		

Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual

CAPITAL EXPENDITURE

CAPITAL EXPENDITURE 2015/2016 ROAD AND STORM-WATER DRAINAGE					R'000
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance form original budget	
Total capital projects	17281	R0	14932	2349	

EMPLOYEES: ADMINISTRATION OF ENGINEERING SERVICES					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	2	2	2	0	0%
7-9	0	1	0	1	100%
10-12	1	1	1	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	3	4	3	1	25%

3.9 LICENSING SERVICE

INTRODUCTION TO LICENSING SERVICES

The purpose of licensing is the:-

registration and Licensing of motor vehicles;
 conversion of Driver's license;
 issuing of special and temporary permits;
 issuing of personal and private license numbers;
 deregistration of motor vehicles;
 filing of all registration and licensing documentation per registration numbers; and
 filing of all Driver's licenses and Professional permits.

STEPS TAKEN TOWARDS THE IMPLEMENTATION OF THE STRATEGY, THE MAJOR SUCCESS ACHIEVED AND CHALLENGES FACED

To perform effective services for registration and licensing/renewal of vehicle licenses;

To ensure the effective and legal issue of permits;
 To perform changes of address of members of the public and engine numbers of vehicles; and
 To ensure proper service delivery by assisting members of public in all vehicles.

CHALLENGES FACED:-

Registration Authority is not yet separated from (DLTC) Driving License Testing Centre.
 There is still no human security dedicated at Licensing office. The security company caters the whole municipality without necessarily being stationed at the office.
 Road signage showing where the applicable centre is located is still not yet erected.
 Our offices have not yet been upgraded according to the required standards, e.g. cashiers not yet in separated cubicles.

SERVICE STATISTICS FOR LICENSING SERVICES

DESCRIPTION	2013/2014	2014/2015	2015/2016
Registration of vehicles	R99 612.00	R106 613.20	R107 937.00
Licensing / renewal of vehicle licenses	R6 213 994.52	R5 385 219.53	R5 598 607.45
Issue of permits		R2 880.00	R960.00
Application and renewal of motor trade plates	R7 812.00	R3 868.00	R2 620.00
Application and issuing of business licenses, hawkers' licenses and stands	This function not yet performed by the municipality	This function is not yet performed by the municipality	The function is not performed by the municipality
Application and issue of certificate of roadworthiness certificates of motor vehicles	The function is suspended because the Vehicle Testing Station (VTS) had to be transferred from private users (service provider) to public users (municipality)	The Vehicle Testing Station (VTS) opened in March 2015. From then to June 2015 the VTS generated an amount of R 45 090.00	R181 932.00
Application and issue of learner's licenses	R533 736.00	R489 304.00	R122 094.00
Application of professional driving permits	R56 826.00	R61 574.00	R10 962.00
Renewal of drivers' licenses	R489 066.00	R426 906.00	R127 428.00
Issuing of temporary drivers licenses	R127 764.00	R 42 336.00	R10 500.00
Road Traffic Management Corporation	R285 696.00	R264 240.00	R245 376.00

EMPLOYEE INFORMATION

EMPLOYEE: LICENSING SERVICES					
Job Level	2014/2015		2015/2016		
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	3	6	4	2	35%
7-9	2	2	1	1	50%
10-12	2	2	2	0	0%
13-15	0	0	0	0	0%
016-18	1	1	1	0	0%
19-20	0	0	0	0	0%
Total	8	11	8	3	27%

FINANCIAL PERFORMANCE 2015/2016: LICENSING					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	1 340	7 121	4 858	42 880	83.39
Expenditure					
Employees	2 211	3 167	3 920	3 906	18.92
Repairs and maintenance	-	28	50	20	40.0
Other	302	4 121	3 984	37 836	89.11
Total operational expenditure	2 513	7 316	7 954	41 762	82.48
Net operational expenditure	1 173	(195)	(3 096)	1 118	

*Variances are calculate by dividing the difference between the Actual and Original Budget by the Actual

COMMENT ON THE PERFORMANCE OF LICENSING SERVICES OVERALL

- ✓ Weigh bridge is not done at Ventersdorp Municipality which is under Senwes.
- ✓ Business stands is not functioning at the moment.

- ✓ VTS is functioning at the moment.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes planning, local economic development.

3.10 PLANNING

INTRODUCTION TO PLANNING

PHYSICAL PLANNING	CHALLENGES
Opportunities	Challenges
Ventersdorp Land Use Management Scheme (town planning scheme) it is out-dated and SDF is in place which needs to be reviewed	- Lack of Funding

SERVICE DELIVERY PRIORITIES		
Opportunities	Challenges	Measures taken to improve
Establishment of townships	Funding	Submitted with DRKKDM & Province to assist
Enforcement of Ventersdorp Land Use Management Scheme	Lack of capacity	Implementation of new organogram
Review of Town Planning SDF and Town Planning Scheme	Lack of funding and the Land Use Categories must be revised	None, due to financial constraints

SERVICE STATISTICS FOR PLANNING

DEVELOPMENT PLANNING AND BUILDING CONTROL

DETAILS	2014/2015	2015/2016
Detail of building plans		
• Number of building plans approved (excluding low cost housing)	28	0
Value of building plans approved	R10 289.60	0
Number of applications received for:-	4	0
• Township establishment		
• Rezoning		
• Special consent		

EMPLOYEE INFORMATION

EMPLOYEES: TOWN-PLANNING, BUILDING SURVEY, BUILDING CONSTRUCTION AND PMU					
Job Level	2014/2015	Posts No	2015/2016		
	Employees No		Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	1	1	1	0	0%
4-6	2	2	2	0	0%
7-9	0	0	0	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	3	3	3	0	0%

FINANCIAL PERFORMANCE 2015/2016: TOWN-PLANNING, BUILDING SURVEY, BUILDING CONSTRUCTION AND PMU					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue					
Expenditure					
Employees					
Repairs and maintenance					
Other					
Total operational expenditure					
Net operational expenditure					
*Variances are calculate by dividing the difference between the Actual and Original Budget by the Actual					

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM)

INTRODUCTION TO ECONOMIC DEVELOPMENT

LED plays a crucial role in creating a prosperous, equitable, stable and democratic society by stimulating local production through light industries and the development of SSME's and the establishment of co-operatives.

Growing and expanding existing business area: focus on channelling resources to existing business area in order to expand operations and increase higher wages jobs from within the existing economic base. Focus on projects to create a formal business retention and expansion or projects to create or enhance the town urban regeneration program.

•Stimulating entrepreneurship: focus resources on fostering new business start-ups that may include projects that create and / or expand business development program, projects that support the creation and / or expansion of small business incubators or projects that support the creation of investment networks.

•Attracting new business: focus on channelling resources in order to induce business to relocate to Ventersdorp. Focus on projects that identify local strengths and opportunities for business attraction or projects that develop market-specific-recruitment program.

LOCAL ECONOMIC EMPLOYMENT BY SECTOR	
Jobs	
Sector	2015/2016
Agriculture, forestry and fishing	16%
Manufacturing	10%
Wholesale and retail trade	11%
Government, community and social services	26%
Infrastructure services	3%
Total	66%

COMMENT ON LOCAL JOB OPPORTUNITIES

Most of the jobs were created on a short-term basis by implementing the Expanded Public Works Programmes, the municipality is expecting/planning to creating long-term employment following the implementation on the following municipal project:-

N14 Development.

Agri-hub project.

Establishing Economic Development Agency for Ventersdorp.

JOBS CREATED DURING 2015/2016 BY LED INITIATIVES (EXCLUDING EPWP PROJECTS)				
Total jobs created / top 3 initiatives	Jobs created No	Jobs lost/displaced by other initiatives No	Net total jobs created in year No	Method of validating jobs created/lost
2013/2014	0	0	0	0
2014/2015	0	0	0	0
2015/2016	0	0	0	0

JOB CREATION THROUGH EPWP PROJECTS		
Details	EPWP Projects No	Jobs created through EPWP Projects No
2012/2013	2	595
2013/2014	5	1355
2014/2015	1	115
2015/2016	1	77

EMPLOYEE INFORMATION

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	1	0	1	100%
4-6	1	1	1	0	0%
7-9	0	0	0	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	1	2	1	1	50%

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.12 LIBRARIES, ARTS AND CULTURE

INTRODUCTION TO LIBRARIES

Ventersdorp has 3 libraries. The main library is in Ventersdorp town, the other 2 are in Tshing Township and Ga-mogopa village.



The top service delivery priorities of 3 libraries are marketing, promotion and advertising. The three components are exposed in libraries through reading awareness programmes circulation of books within the library and encouraging membership within the whole community.

The impact we had on the mentioned measures were that we were able to see the library growing in great numbers, through membership, outreach programmes and circulating information.

The measures which were taken during the year to improve the performance were through programmes which promoted reading and writing, the use of library and internet were held throughout the year and this brought a huge change within the Ventersdorp libraries and schools around this community.

The library also understands that most young people are from under privileged backgrounds, therefore during Mandela month in 2013 all three libraries conducted programmes which also increased the membership of the libraries and the usage of library materials, internet, reading of magazines and newspapers as well as searching for any information in the library regardless of age, gender and race.

In the month of June 2014 we gave out 25 blankets to the Old age home in Tshing location. We also conducted book trolley within the home and have managed to increase the number users and to promote the need of reading and writing to old age people. Seeds were then planted time we gave away 25 blankets. In Ventersdorp Local Municipality we do not have museums, galleries and archives. Our archives are in Mmabatho at the Department of Culture, Arts and Traditional Affairs.

The priority of the four largest capital projects can only be explained in two ways, in 2009 the library extended the garage which was worth R300 000.00 and a vehicle was purchase in 2013 which was worth R199 000.00 which is a Bakkie GWM Steed 2.2.

SERVICE STATISTICS FOR THE LIBRARIES

INDICATOR	2014/2015	2015/2016
EDUCATIONAL PROGRAMMES		
Library awareness programmes	51	50
Library holiday programmes	5	15
Adult membership	891	1002
Children membership	148	755
ADULT CIRCULATION		
English fiction	1727	2056
Afrikaans fiction	2413	3552
English non-fiction	1836	456
Setswana	945	948
JUNIOR CIRCULATION:		
English fiction	1057	1560
Afrikaans fiction	441	456
English non-fiction	1109	832
Setswana	748	1128

EMPLOYEE INFORMATION

EMPLOYEES: LIBRARIES					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	1	0	1	100%
4-6	2	3	1	2	67%
7-9	0	4	0	4	100%
10-12	1	6	1	5	83%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%

Total	3	14	2	12	86%
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FINANCIAL PERFORMANCE 2015/2016: LIBRARIES					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	293	321	1 001	873	63.23
Expenditure					
Employees	634	743	743	439	69.25
Repairs and maintenance	-	17	17	-	-
Other	181	726	1 027	841	13.67
Total operational expenditure	815	1 122	1 787	1 280	12.34
Net operational expenditure	293	(801)	(786)	(407)	
Variances are calculate by dividing the difference between the Actual and Original Budget by the Actual					

3.13 PARKS AND CEMETERIES

INTRODUCTION TO PARKS AND CEMETERIES

Ventersdorp Local Municipality has 4 cemeteries around Tshing and Ventersdorp, 2 in Tshing and 2 in Ventersdorp Town.

There are also 7 cemeteries in villages which are controlled by the Communal Property Associations in different villages, i.e. Ga-Mogopa, Welgevonden, Tsetse, Boikhutso, Appeldraai, Boikhutsong and Goedgevonden. We also have cemeteries in 2 farm settlements of Klipgat and Rysmierbult.

The top 3 service delivery priorities and its impact are to:-

Regulate public cemeteries and crematoria;
to prescribe forms, fees and other matters for the purposes of compliance; and
to provide for other associated matters.

SERVICE STATISTICS FOR PARKS AND CEMETERIES

The measures taken to improve the performance of the service is through continuous coaching of staff, time for holding regular meeting and feedback sessions and training.

Communities were given support through free burial rites for the destitute and paupers individuals from poverty stricken families.



INDICATOR	2013/2014	2014/2015	2015/2016
CEMETERIES			
❖ Burials	357	326	330
▪ Adults	300	303	292
▪ Paupers	13	11	6
▪ Children (baby, or stillborn)	44	12	12
▪ Re-openings			1
❖ Memorials	9	16	20

EMPLOYEE INFORMATION

EMPLOYEES: PARKS AND CEMETERIES					
Job Level	2014/2015	2014/2015			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	0	2	0	2	100%
7-9	0	0	0	0	0%
10-12	0	2	0	2	100%

13-15	0	2	0	2	100%
16-18	6	10	5	5	50%
19-20	0	0	0	0	0%
Total	6	16	5	11	69%

FINANCIAL PERFORMANCE 2015/2016: PARKS AND CEMETERIES					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	120	137	137	106	29.25
Expenditure					
Employees	513	577	802	562	2.67
Repairs and maintenance	163	190	290	89	113.48
Other	37	82	82	100	18.0
Total operational expenditure	713	849	1 174	751	13.05
Net operational expenditure	593	(712)	(1037)	(645)	10.38

*Variances are calculate by dividing the difference between the Actual and Original Budget by the Actual

COMMENT ON THE PERFORMANCE OF PARKS AND CEMETERIES

The performance of parks and cemeteries is negatively affected by the lack of tools of trade like the grass-cutting tractor and sledge.

COMPONENT E: ENVIRONMENTAL HEALTH

INTRODUCTION TO HEALTH

3.14 ENVIRONMENTAL HEALTH

The Environmental Health is a Shared Service from the District.

COMPONENT F: SECURITY AND SAFETY

3.15 TRAFFIC AND SECURITY

INTRODUCTION TO TRAFFIC AND SECURITY

The aim of the section is to promote road traffic safety throughout Ventersdorp to reduce road accidents, fatalities and injuries as well as combat road traffic offences that contribute to accidents and to safeguard and secure Council assets so as to combat theft within the municipality.

The following key functions are performed in this section:

- ❖ Road safety: road safety operations were conducted during 2013/2014. Total of (10).
- ❖ Issuing and serving warrants.

Details	2013/2014	2014/2015	2015/2016
	Actual No	Actual No	Estimated Actual
Number of road traffic incidents during the year	7	15	7
Number of by-law infringements attended	4	6	10
Number of police officers in the field on average day	10	12	15
Number of police officers on duty on an average day	18	20	25

SERVICE STATISTICS FOR TRAFFIC AND SECURITY SERVICES

STATISTICS	2013/2014	2014/2015	2015/2016
Traffic violations			
Section 56 summonses			1134 cases
Speed		384	
Other	883 cases	556	
Section 341 Notices			
Parking Offences		0	0
Cameras: speed	80 873 cases	88 047	75833 cases
Total income per annum			
Traffic fines	5 800 000	5 913 919.84	4 944 995.00
Accidents reports	5	0	0
Escort fees	N/A	0	0
Abnormal loads		0	0
Temporary closing of streets	4	15	48
Hawkers		0	0
Arrests (driving while under the influence of intoxicating liquor)			
Males	0	0	0
Females	0	0	0
Escorts / Special services rendered			
Abnormal loads	1	10	5

Funerals	0	2	6
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EMPLOYEE INFORMATION

EMPLOYEES: TRAFFIC					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	1	0	1	100%
4-6	2	2	2	0	0%
7-9	3	4	3	1	25%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	1	1	1	0	0%
19-20	0	0	0	0	0%
Total	6	8	6	2	25%

3.16 FIRE AND DISASTER MANAGEMENT

INTRODUCTION TO FIRE AND DISASTER MANAGEMENT

FIRE AND RESCUE SERVICES

The section focus mainly on legal requirements as per SANS 100:90" Community protection against fire" as well as Fire Brigade Act 1987.

The primary aim of this section is:-

- Save lives;
- incident stabilisation;
- fire prevention;
- minimisation of damage to property against fire;
- humanitarian help against environmental vulnerability;
- fire safety inspection;
- implementations of fire break in accordance with the fire brigade;
- review house and business plans; and
- awareness campaigns.

DISASTER MANAGEMENT

FIRE AND DISASTER MANAGEMENT DATA			
Details	2014/2015	2015/2016	2016/2016
Total fire attended in a year	198	200	200
Total of other incidents attended in a year	174	174	174
Average turnout time – urban areas	5min	5min	5min
Average turnout time – rural areas	Depending on the vastness of the area (20 min)	Depending on the vastness of the area (20 min)	Depending on the vastness of the area (20 min)
Fire fighters in post at year end	5	5	5
Total fire appliances at year end	4 fire engines	4 fire engines	4 fire engines

- ❖ Emergency calls are captured in an incident book. (Emergency no is 071 860 7619).
- ❖ Response times are captured. Includes dispatch time and time of arrival back at the station.

SERVICE STATISTICS FOR FIRE AND DISASTER MANAGEMENT

DESCRIPTION	2014/2015	2015/2016
Fire suppression	68	28
Public education	16	19
Building plans	04	05
Site inspections	04	10
Flammable liquid registrations	00	00
Fire hydrant maintenance/inspection	06	02
Grass fire	150	72
Training	01	02
Trade licenses	00	00
Transport permits	00	00
Complainants	78	33
Pre-burn inspections	00	00

EMPLOYEE INFORMATION

EMPLOYEES: FIRE AND DISASTER MANAGEMENT					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	1	1	1	0	0%
7-9	4	4	4	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	1	0	1	100%
19-20	0	0	0	0	0%
Total	5	6	5	1	17%

FINANCIAL PERFORMANCE 2015/2016: TRAFFIC, FIRE AND DISASTER MANAGEMENT					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	-	-	-	-	-
Expenditure					
Employees	1 405	1 462	1 562	1534	4.69
Repairs and maintenance	191	200	200	187	6.95
*Other	369	468	558	338	38.46
Total operational expenditure	1 965	2 130	2 320	2 059	3.45
Net operational expenditure	1 965	(2 130)	(2 320)	(2 059)	
<i>*Variances are calculate by dividing the difference between the Actual and Original Budget by the Actual</i>					

COMPONENT G: SPORTS AND RECREATION

3.17 SPORTS AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

Ventersdorp Local Municipality has 2 stadiums in Tshing, which are covered with concrete palisade fencing but have been vandalised and 1 Ventersdorp town but it is owned by Kgololosego Intermediate School which is of poor quality. The other one is still in development stage.

All the ablution facilities, tennis court, netball court and basketball court have been vandalised and damaged; they need serious renovations.

There are also 7 open gravel soccer and netball grounds in villages which are controlled by the Communal Property Associations in different villages, i.e. Ga-Mogopa, Welgevonden, Tsetse, Boikhutso, Appeldraai, Boikhutsong and Goedgevonden. We also have open gravel grounds in 2 farm settlements of Klipgat and Rysmierbult.

The top 3 service delivery priorities and its impact are :-

1. Mass participation;
2. talent identification and Club Development; and
3. social Cohesion and Nation building.

The impact thereof is to develop social cohesion, which is a term used in social policy, sociology and political science to describe the bonds or "glue" that bring people together in society, particularly in the context of cultural diversity. It is what holds the society together and nation building in the context of fostering a South African identity, national unity and promoting a common sense of belonging.

The measures taken to improve the performance of the service is through closing of damaged concrete palisade fencing at Ext 2 stadium by building a wall on all the gaps but the challenge is financial muscle to deal with the whole area once and for all.

Communities were given support through utilising all available facilities as an when they need to but we also grade the open gravel ground to accommodate the need.

- ❖ The municipality doesn't have well developed and resourced sports and recreational facilities to give clear indication of all the statistics in detail.

EMPLOYEES: SPORTS AND RECREATION					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies (Fulltime ---)	Vacancies (as a % of

				equivalents) No	total posts) %
0-3	0	0	0	0	0%
4-6	1	1	1	0	0%
7-9	1	1	1	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	4	0	4	100%
19-20	0	0	0	0	0%
Total	2	6	2	4	67%

COMMENT ON SPORT AND RECREATION

✓ Currently there are two projects for the new stadiums in Tshing Ext 5 and Goedgevonden.

-

COMPONENT H: CORPORATE POLICY OFFICES AND OTHERS SERVICES

INTRODUCTION OF CORPORATE SERVICES

Chapter 7 of the Constitution of the Republic of South Africa states that a municipality comprises councillors, officials and the community. In order for the municipality to govern its affairs correctly it must consult with the community to ensure that needs are correctly determined, explained and included in the IDP for service delivery purposes.

Policies must be put in place which will address the needs of the community in terms of how service delivery matters will be addressed.

In order for the municipality to be able to address service delivery matters, the municipality must within limits approve a budget that will be commensurate with the needs/projects identified for the particular year. This budget must also address staff matters and this can only be achieved through a costed organogram that must be cost-effective but that also provides sufficient management and other positions in order for the municipality to be able to render effective and satisfactory services.

Management must ensure that tools of the trade are made available to staff. This includes ICT services and networks, including the necessary licenses.

In order for the municipality to finance service delivery it must ensure that the budgetary expenditure will be redeemed through cash collection that will be generated by payment for services. Payment for services will be covered by payment for rates and taxes and will include proper and sufficient municipal service delivery network such as water pipes and reservoirs as well as sewer and electrical networks and plant and equipment.

3.18 MUNICIPAL COUNCIL

This component includes the office of the (Speaker/Mayor, Councillors and Municipal Manager)

INTRODUCTION OF MUNICIPAL COUNCIL

In terms of chapter 7 section 151 (2) of the Constitution of the Republic of South Africa, 101 of 1996, the executive and legislative authority of a municipality is vested in its municipal Council.

The municipal Council of Ventersdorp is recognised as a municipality with Speaker/Mayor which is combined with a ward participatory system in terms of chapter 12 of the Municipal Structures Act, 117 of 1998. Section 152 of the Constitution categorically and clearly spells out the objectives of local government and the powers and functions of municipalities are determined in section 156 of the Constitution.

The executive authority of the Council vested with the Speaker/Mayor, who must however report to Council and is assisted by councillors established for portfolio and who may make decisions. However, there are certain matters on which the Speaker/Mayor as the head of the municipality cannot make decisions; i.e. the approval of budget and IDP and by-laws, as these matters cannot be delegated and must be approved by Council.

In terms of delegation of powers certain matters may be delegated by Council to the Mayor, who will in turn sub-delegate to the Municipal Manager. The Municipal Manager may also sub-delegate to Directors, who may in turn further sub-delegate to other officials.

Section 152 of the Constitution sets among others the following objectives for Local Government:-

- (a). *to provide democratic and accountable government for local communities;*
- (b). *to ensure the provision of services to communities in a sustainable manner; and*
- (c). *to promote social and economic development.*

In order to ensure sustainable service delivery to the community, Council should set the service delivery priorities as follows in order to achieve good governance levels:

Risk Management: Council has developed risk management strategy or policy that enables council to conduct a risk assessment, which was not done in 2013/2014 financial year. The exercise will enable Council to develop a plan on internal controls to mitigate and control risks.

Internal Audit: Council established internal audit and Audit committee "a shared service" which sits quarterly, during Audit Committee meetings but, Internal Auditor needs to be capacitated to render service to Ventersdorp, as were ineffective for 2013/2014.

Audit Committee: Audit Committee meetings are held quarterly which assists in reviewing and assessing reports, annual financial statements and also monitor the effectiveness of the internal controls.

SERVICE STATISTICS FOR THE MUNICIPAL COUNCIL

DETAILS	2013/2014		2014/2015		2015/2016	
	Ordinary Council Meetings	Special Council Meetings	Ordinary Council Meetings	Special Council Meetings	Ordinary Council Meetings	Special Council Meetings
Ordinary and Council Meetings	5	4	5	4	2	4

Details	2013/2014	2014/2015	2015/2016
Section 80 Committee meetings			
Portfolio Committee meetings			
• Finance, Governance and Administration	6	2	2
• Infrastructure and Service Delivery	5	2	2
• Community Services	5	2	2
• Economic Development and Investment	5	2	2
❖ IDP/PMS/Budget Steering Committee meetings	6	2	0
MPAC	3	3	0

EMPLOYEE INFORMATION

EMPLOYEES: OFFICE OF THE MAYOR					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	1	1	1	0	0%
4-6	6	7	7	0	0%
7-9	0	0	0	0	0%
10-12	2	2	2	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	9	10	10	0	0%

FINANCIAL PERFORMANCE 2014/2015: MUNICIPAL COUNCIL (POLITICAL OFFICES, MUNICIPAL MANAGER, AND COUNCILLORS)					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	11 065	411	202	11 109	96.3
Expenditure					
Employees	6 956	7 090	7 090	8 407	15.66
Repairs and maintenance	70	170	130	34	400.0
Other	3 487	3 883	3 545	8 997	56.84
Total operational expenditure	10 513	7 611	10 765	17 438	56.35
Net operational expenditure	552	(7 200)	(10 563)	(6 329)	13.76
<i>Variances are calculate by dividing the difference between the Actual and Original Budget by the Actual</i>					

3.19 STRATEGIC PLANNING AND REGULATORY

Budget oriented planning or forecast methods are insufficient for the organisation to prosper. There is a need to engage in strategic planning that clearly defines objectives and assesses both the internal and external situation to formulate strategy, evaluate progress and make judgments as necessary to stay on track.

Strategic plans therefore identify strategically important outcomes – oriented goals and objectives against which the municipality's medium-term results can be measured and evaluated by various identified stakeholders. Annual performance plans identify the performance indicators and targets that the institution will seek to achieve in the upcoming budget year. This performance information is important for effective management, including planning, budgeting, implementing, reporting monitoring and evaluation.

As a component of its strategic plan, annual performance plan or IDP the municipality must adopt, monitor and evaluate strategies that describe the approach the institution is to follow to create and operate monitoring and evaluation systems which will produce credible, accurate information on an on-going basis that gets used to improve service delivery and governance.



INTRODUCTION TO STRATEGIC PLANNING AND REGULATORY

The directorate comprises the following units:

PERFORMANCE MANAGEMENT UNIT

The objective of Performance Management is to improve the performance of the municipality as guided by the Local Government: Municipal Systems Act 32 of 2000, as amended (MSA), Local Government: Municipal Planning and Performance Management Regulations, 2001 and Local Government: Municipal Finance Management Act 2003 (MFMA).

Performance Management is the central management tool that assists Council in improving service delivery by channelling the efforts of its departments and employees to meet performance targets and in so doing insuring that the municipality achieving its strategic objectives.

It is a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regular plan, continuously monitor and, periodically measure and review performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact. This system will therefore ensure that all leaders, managers and individuals in the municipality are held accountable, which should improve service delivery and value for money.

INTEGRATED DEVELOPMENT UNIT

The IDP review itself is mandatory in terms of Section 34 of the same legislation referred to above and seeks to induce life into the IDP such that it takes into account the changing priorities and planning outcomes of Ventersdorp. The IDP version signifies generation to generation for Ventersdorp and will remain in force until the completion of the term of office of the current municipal council.

This document is a product of a broad consultative process which culminated in a successful IDP Representative Forum held during May 2014 where stakeholders confirmed and approved projects for Ventersdorp. In line with section 41 of the Constitution of the Republic of South Africa, our IDP as reviewed is accordingly informed by and aligned to the developmental priorities of our municipality and sector departments of our district, including some state-owned enterprises and the business community.

Our IDP is premised on the vision of a development plan that will create a caring municipality, characterised by development, poverty alleviation and job creation. The development, poverty alleviation and job creation envisaged will be underpinned by people-driven, people-centred socio-economic development that respects and embraces the democratic values of human dignity, equality and freedom.

INTENAL AUDIT UNIT

Shared Service funded by DRKKDM.

RISK MANAGEMENT

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

MPAC was established at 2011, constituted by 5 members, Chairperson is Cllr V Qankase

SERVICE STATISTICS FOR MPAC

DETAILS	NUMBER
Meetings held by chairperson and administration/members of public	1
Meetings held by MPAC members	2
Meetings held at provincial and district MPAC forums	1

EMPLOYEE INFORMATION

EMPLOYEES: STRATEGIC PLANNING & REGULATORY (PMS, IDP)					
Job Level	2014/2016	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	2	2	2	0%	0%
4-6	1	1	1	0	0%
7-9	0	0	0	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	3	3	3	0	0%

FINANCIAL PERFORMANCE 2015/2016: STRATEGIC PLANNING AND REGULATORY (PMS, IDP, INTERNAL AUDIT, RISK MANAGEMENT AND MPAC)					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	-	-	-	-	-
Expenditure					
Employees	3 034	3 095	3 095	3 560	13.06
Repairs and maintenance	-	10	10	-	-
Other	211	663	383	636	4.24
Total operational expenditure	3 245	3 768	3 488	4 196	10.2
Net operational expenditure	3 245	(3 768)	(3 488)	(4 196)	

*Variances are calculate by dividing the difference between the Actual and Original Budget by the Actual

3.20 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

This directorate deals with the administration of finance of the municipality i.e. own budget as well as the money received from Government Fiscal i.e. allocation by Government to the municipality to enhance service delivery as in MIG and equitable shares. For the municipality to have effective service delivery, budget and IDP processes must be followed so as to ensure public participation to cover all community proposals as regards projects.

The directorate must develop budget-related policies and by-laws which will govern consistent charging of moneys for services rendered to the communities.

Collection of moneys owed to Council as revenue must also be covered in terms of policy. Internal and external audits will be conducted in order to ensure management of risk and curbing of corruption while encouraging effective customer care and service.

DEBT RECOVERY						
'000						
Details of the types of account raised and recovered	2014/2015		2015/2016		2016/2017	
	Actual for accounts billed in year	Proportion of accounts value billed that was collected in the year %	Actual for accounts billed in year	Proportion of accounts value billed that was collected %	Estimated out turn for account billed in year	Estimated proportion of accounts billed that was collected %
Property rates	9 690 443.89	73%	456 050.00	71%		100%
Electricity –B & C	26 739 815.76	89%	3 108 871.00	81%		100%
Water – B & C	3 297 999.81	62%	216 759.00	67%		100%
Sanitation	4 918 023.16	51%	386 273.00	50%		100%
Refuse	3 366 601.69	49%	252 133.00	47%		100%
Other			456 050.00	71%		100%

Property rates billed annually has a collection rate of between 71% and 73%.

Electricity billed annually has a collection rate of between 81% and 89%, taking into account electricity losses and theft.

Water billed annually has a collection rate of between 62% and 67%, with huge water losses in the municipal area.

Sanitation billed annually has a collection rate of between 50% and 51%.

Refuse billed has a collection rate of between 47% and 49%.

Other income – other income depends on the nature of income, e.g. sale of stands.

EMPLOYEE INFORMATION

EMPLOYEES: FINANCE DEPARTMENT					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	3	3	3	0	0%
4-6	11	12	11	1	8%
7-9	6	9	6	3	33%
10-12	3	6	3	3	50%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	23	30	23	7	23%

FINANCIAL PERFORMANCE 2015/2016: FINANCE DEPARTMENT						R'000
Details	2014/2015	2015/2016				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total operational revenue	56 731	76 567	81 849	78 790		
Expenditure						
Employees	8 079	8 552	9 531	9 231		
Repairs and maintenance	16	80	80	34		
Other	14 306	19 546	53 452	75 138		
Total operational expenditure	22 401	28 178	63 063	84 403		
Net operational expenditure	34 330	48 389	18 786	(5613)		
<i>*Variances are calculate by dividing the difference between the Actual and Original Budget by the Actual</i>						

NATIONAL KEY PERFORMANCE INDICATOR

3.21 HUMAN RESOURCES SERVICES

INTRODUCTION TO HUMAN RESOURCES SERVICES

The priorities of Human Resources Services are:-

- ❖ To draft a five-year Employment Equity Plan;
- ❖ to appoint Service providers to provide training for officials of the municipality, capacitating them as required by the Skills Development Act of 1998; and
- ❖ the filling of vacant positions.

The municipality has managed to submit draft Employment Equity Plan to Dept of Labour.

Service Providers for the training intervention were successfully appointed.

57% of the Training budget was spent during the 2014/2015 financial year

SERVICE STATISTICS FOR HUMAN RESOURCES SERVICES

FINANCIAL YEAR	(R'000)	% OF TOTAL BUDGET
2013/2014	39497	25%
2014/2015		
2015/2016		

Pension and Medical Aid Funds

PENSION FUND	NUMBER OF MEMBERS	
	2014/2015	2015/2016
Municipal Gratuity Fund	13	
Joint Municipal Pension Fund	0	
Sala Pension Fund	9	
Municipal Councillors Pension Fund	0	
Municipal Employees Pension Fund	0	
SAMWU Pension Fund	81	
National Fund for Municipal Workers	50	

Council's actual pension fund expenditure for 2013/2014 financial year towards the employer's contribution was R??

MEDICAL AID FUND	NUMBER OF MEMBERS	EMPLOYER'S CONTRIBUTION
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		(R)
Key health	17	82 785.00
Hosmed	3	4 711.20
Bonitas	21	68 596.25
LA Health	70	191 315.60
SAMWU Med	38	63 581.00
Pensioners and provision for contributions	9	25 300.26
Total	158	439 430.

Outstanding monies

Circular 11 requires that the municipalities disclose arrears (outstanding monies) by councillors / employees for the financial year.

ACCOUNTS IN ARREA AS AT PRESENT	ARREAS: JUNE 2014	ARREAS: JUN-2015	ARREAS: JUN-2016
Councillors	R54 356.14		
Employees			

Disclosure concerning Councillors and Directors

The following table reflect the remuneration for Councillors and Directors.

DESIGNATION	REMUNERATION PACKAGE (R)	
	2014/2015	2015/2016
Speaker/Mayor	742 964.04	742 964.04
Acting Whip	240 015.96	240 015.96
9 x Councillors	2 160 143.64	2 160 143.64
Municipal Manager	1 083 395.34	1 083 395.34
Director Strategic Planning and LED	912 265.01	912 265.01
Director Finance	912 265.01	912 265.01
Director Corporate Services	912 265.01	912 265.01
Director Community Services	912 265.01	912 265.01
Director Engineering Service	912 265.01	912 265.01

Personnel Administration

DETAIL	2013/2014	2014/2015	2015/2016
Pension	3	2	1
Resignations	1	0	3
Deaths	3	3	4
Other	3	0	1
Medical boarding in process	0	0	1
Medical boarding application	0	2	0
Death claims	3	3	4
Posts in Council	231	231	231
Posts filled	153	163	157
Posts vacant	78	68	74

OCCUPATIONAL HEALTH AND SAFETY

DETAILS	2013/2014	2014/2015	2015/2016
Number of recorded incidents	2	3	3
Number of fatal incidents reported	0	0	0
Number of safety inspections conducted	1	1	3
Number of construction projects inspected	0	0	0
Number of safety audits	0	0	0

Number of public fatal injuries / drowning	1	0	0
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EMPLOYEE INFORMATION

EMPLOYEES: HUMAN RESOURCES					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	1	1	1	0	0%
4-6	2	2	2	0	0%
7-9	2	2	1	1	50%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	5	5	4	1	20%

FINANCIAL PERFORMANCE 2014/2015: CORPORATE SERVICES HUMAN RESOURCES, ICT, PROPERTY AND LEGAL & ADMINISTRATION					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	125				
Expenditure					
Employees	6 432				
Repairs and maintenance	17				
Other	3 759				
Total operational expenditure	10 208				
Net operational expenditure	10 083				
<i>*Variances are calculate by dividing the difference between the Actual and Original Budget by the Actual</i>					

NATIONAL KEY PERFORMANCE INDICATORS

3.22 INFORMATION TECHNOLOGY SERVICES (ICT)

The Information Communication and Technology Services enable both the critical and catalyst function for service delivery at the customer interface. ICT enables the achievement of the obligations by deploying relevant information technology solution.

ICT Priorities

To refresh hardware/software licenses of the municipality;
to provide technical support services;
the operation of computer server do back-ups, database management and electricity vending system support services;
internet and email system support services to ensure meaningful communication in the municipality; and
network availability and access other functions.

There are two officials assisting on monthly contract in the unit, subject to review of organogram by Council.

3.23 LEGAL AND ADMINISTRATION SERVICES

INTRODUCTION TO LEGAL AND ADMINISTRATION SERVICES

The aim of legal service is to provide and ensure a proper legal service to the municipality and other structures within the municipality. It prepares and ensures approval of legal documents relating to the municipality. Priorities set out by legal services are to manage disciplinary cases within the legal services, establish panel of attorneys, etc.

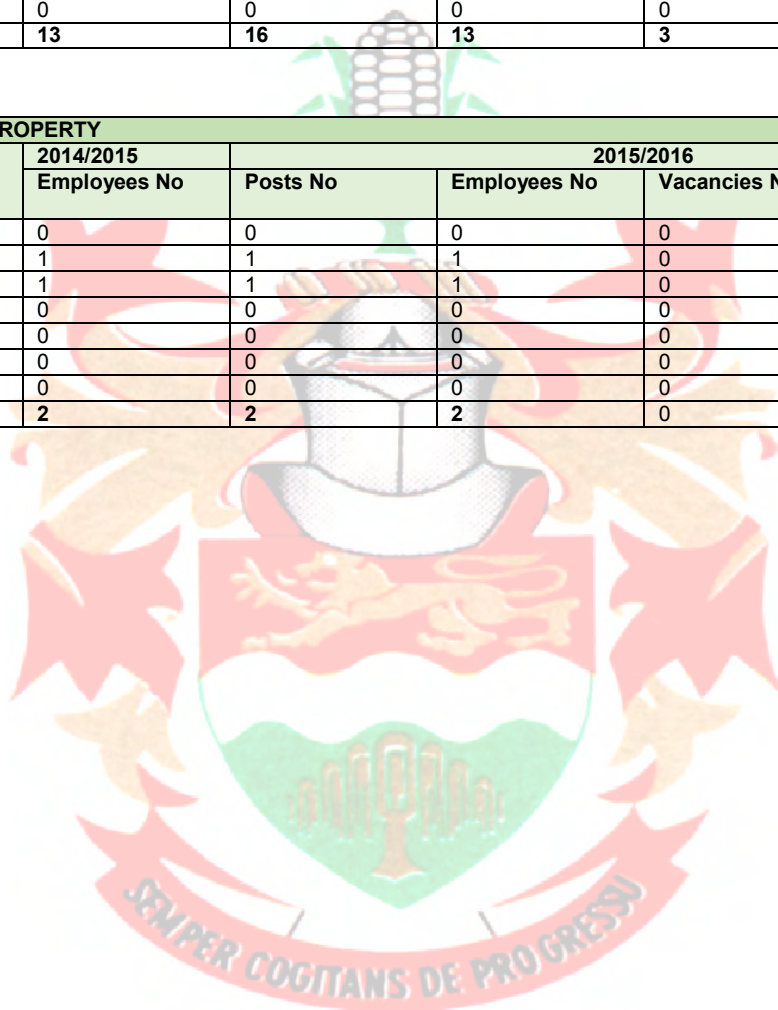
The impact legal service have on the priorities are to ensure compliance with legislations applicable to the municipality, to provide guidelines and a procedure for contract management and to preside and prosecute at disciplinary hearings.

SERVICE STATISTICS FOR LEGAL AND ADMINISTRATION SERVICES

INFORMATION	2013/2014	2014/2015	2015/2016
Cases against Council	11	22	13
Cases for Council	None	5	4
Cases won	1	4	1
Cases settled	4	8	10
Cases outstanding	6	8	6
Cases referred to the High court	3	5	4
Cases referred to Labour court	None	2	0
None-litigious matters	-	4	0
Total Expenditure	R688 712.20	R2 370 158.38	R1 194 393.98

EMPLOYEES: ADMINISTRATION					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	1	1	1	0	0%
4-6	1	1	1	0	0%
7-9	3	4	3	1	25%
10-12	1	1	1	0	0%
13-15	0	0	0	0	0%
16-18	7	9	7	2	22%
19-20	0	0	0	0	0%
Total	13	16	13	3	19%

EMPLOYEES: PROPERTY					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	1	1	1	0	0%
7-9	1	1	1	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	2	2	2	0	0%



Chapter 3

COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD

VENTERSDORP LOCAL MUNICIPALITY



ANNUAL PERFORMANCE REPORT 2015/2016



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1. INTRODUCTION

The Municipal Planning and Performance Management Regulations (2001) stipulates that a “municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players” (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

The 2015/2016 Performance Management Framework Policy aligned with the National Treasury Policy Framework was reviewed, amended and adopted by Council during the by 29 May 2014.

Section 46 of Municipal System Act (Act 32 of 2000), stipulates the following:-

“Annual performance reports

46. (1) A municipality must prepare for each financial year a performance report reflecting-
 - (a) the performance of the municipality and of each external service provider during that financial year;
 - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performance in the previous financial year; and
 - (c) measures taken to improve performance.
- (2) An annual performance report must form part of the municipality’s annual report in terms of Chapter 12 of the Municipal Finance Management Act.”

This annual performance report is hereby submitted by the Municipal Manager in terms of section 121 of the Municipal Finance Management Act, 56 of 2003 read with the Municipal Systems Act, 32 of 2000, section 46(1) and (2) as well as the MFMA Circular 11 and 63 on annual reporting.

In the year under review (2015/2016), the Ventersdorp Local Municipality had Six (6) Directorates:

- ✚ Directorate of the Municipal Manager
- ✚ Directorate of Corporate Services
- ✚ Directorate Finance
- ✚ Directorate Infrastructure Services
- ✚ Directorate of Community Services
- ✚ Directorate of Strategic Planning and LED

This report covers the performance information from 1 July 2015 to 30 June 2016 and focuses on the implementation of the Service Delivery and Implementation Plan (SDBIP), in relation to the Integrated Development and Plan (IDP) and Budget.

2. INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

In the 2015/2016 financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP. The Ventersdorp Local Municipality has continued to maintain the effective operation of the following mechanisms:-

- The SDBIP was developed to integrate the IDP and budget and to ensure effective implementation of the institutional strategies.
- Performance agreements with performance plans were developed, signed and approved by the Mayor as required by the Municipal Performance Regulations, 2006.
- Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager.
- A Mid-year budget and performance assessment in terms of Section 72 of the Municipal Finance Management Act, which informed the adjustment budget and revised SDBIP, were performed.
- The 1st, 2nd, 3rd, and 4th Quarter assessment of performance managers directly reporting to the MM as well as MM's performance were not conducted as required by the performance regulations; this process to be conducted after the adoption of the 4th quarter report by Council.

3. AUDITING OF PERFORMANCE INFORMATION

The Municipal Systems Act, 2000, Section 45 requires that the results of performance measurements in terms of section 41 (1) (c), must be audited as part of the internal auditing process and annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, 2001.

Dr Kenneth Kaunda District Internal Audit Shared Service Section is responsible to perform this function. As part of their scope, auditing of the Performance Management System and Information was not performed and no reports were submitted for each quarter in terms of the following:-

- Identify non-compliance with the relevant laws and regulations in the overall performance management system, processes and procedures.
- Document the understanding obtained of the performance information system, processes and procedures.
- Document the understanding of risks that exists in the detailed performance management process per selected development priority.
- Assess, review, test and verify the consistency, measurability, relevance and presentation of planned and reported performance information.
- Review scorecards on a test basis to supporting evidence on a sample basis.
- Record the system that is used to generate the performance information.
- Ensure compliance with the requirement of the PMS regulations.
- Ensure the accuracy and validity of the information included in the annual report based on the evidence inspected; on a sample basis.

The Performance Audit Committee was established on 2015 and consists of 5 committee members. The committee members are as follows:-

Mr B Ngobeni :	Chairperson
Ms S Mahlathini :	Audit Committee Member
Mr I Louis :	Audit Committee Member
Mr R Mnisi :	Audit Committee Member
Mr D Matshoba :	Audit Committee Member

4. REMEDIAL ACTIONS FOR PERFORMANCE MANAGEMENT

In order to improve on performance planning, implementation and reporting, the municipality to implement the following actions during the new financial year:-

- ✓ Management to discuss monthly progress of the SDBIP as a standing agenda item at top management meetings.
- ✓ The Top Layer and Technical SDBIP to be discussed as a standing agenda items to measure performance of each departments challenges as in when they are reported to be resolved to assist the municipality to achieve its objectives.
- ✓ That management develop the management meetings schedule and adhere to that.
- ✓ The Accounting Officer to review the quarterly performance reports to ensure that quarterly performance targets are achieved as per the SDBIP.
- ✓ That quarterly reports submitted without portfolio of evidence not be accepted and that the relevant director be informed to comply.
- ✓ That quarterly performance reports be submitted as per dates contain the Performance Action Plan.
- ✓ That the quarterly performance assessments of performance of managers directly reporting to the Municipal Manager as well as the Municipal Manager's performance be conducted as required by the performance regulations.

5. ISSUES RAISED IN THE 2014/2015 AUDITOR-GENERAL'S REPORT

Development priority - KPA 2: Service delivery and infrastructure Development

Usefulness of reported performance information

36. The FMPPI requires that indicators be well defined and verifiable and targets be specific, measureable and time bound:

- A total of 24% of the targets were not specific.
- A total of 38% of the indicators were not verifiable.

This was because management did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes and technical indicator descriptions.

Reliability of reported performance information

37. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information and the auditee's records not permitting the application of alternative audit procedures.

Development priority - KPA 3: Local economic development

Usefulness of reported performance information

38. The FMPPI requires indicators and targets to relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and objectives. A total of 33% of the indicators and targets did not relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and objectives as per the five-year integrated development plan (IDP) and service delivery and budget implementation plan (SDBIP). This was because proper performance planning and management practices had not been developed and implemented to provide for the development of performance indicators and targets included in the annual performance report and because management did not adhere to the requirements of the FMPPI due to a lack of appropriate monitoring and review processes to ensure that indicators and targets are suitably developed.

Reliability of reported performance information

39. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and/or technical indicator descriptions for the accurate measurement, recording and monitoring of performance and monitoring of the completeness of source documentation in support of actual achievements review of the validity of reported achievements against source documentation.

Additional matter

40. I draw attention to the following matter:

Achievement of planned targets

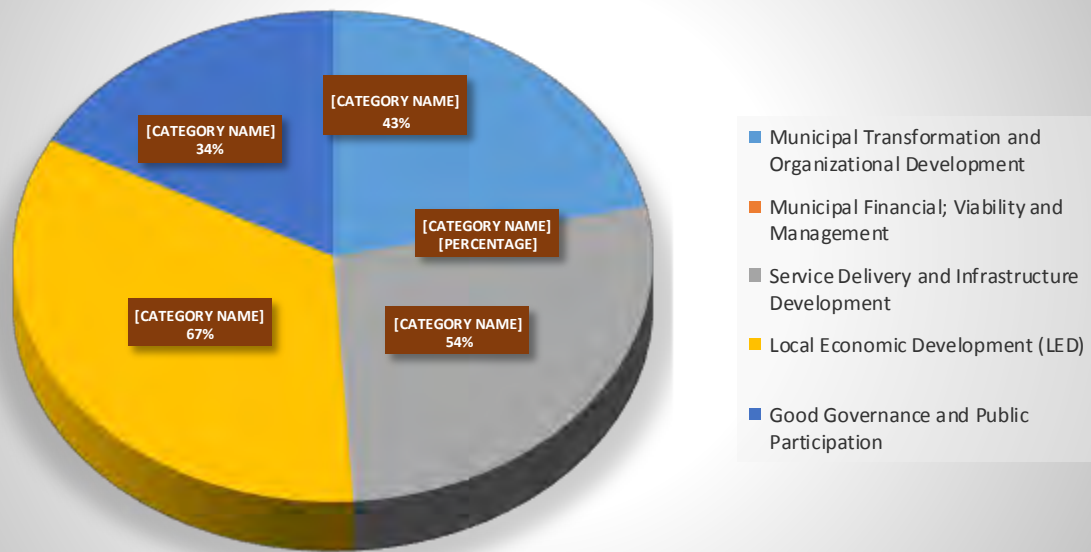
41. Refer to the annual performance report on pages 56 to 92 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priorities reported in paragraphs 20 to 28 of this report.

6. ORGANISATIONAL PERFORMANCE RESULTS

The table below encapsulates the high-level summary of the municipality's 2015/2016 performance results with regard to each of the development priorities.

ANNUAL ORGANISATIONAL RESULTS					
Key Performance Areas	Total KPI's	No of	Targets Achieved	Targets Not Achieved	Annual % met
Municipal Transformation and Organisational Development	14		6	8	43%
Municipal Financial; Viability and Management	12		0	12	0%
Service Delivery and Infrastructure Development	24		13	11	54%
Local Economic Development (LED)	9		6	3	67%
Good Governance and Public Participation	29		10	19	34%
Annual Overall Percentage	88		35	53	40%

ANNUAL ORGANISATIONAL RESULTS



6.1. Comparison of current performance with previous financial year's performance

COMPARISON OF ANNUAL OVERALL PERFORMANCE SUBMITTED TO AG FOR 3 YEARS		
2013/2014	2014/2015	2015/2016
52%	29%	40%

Summary of projects/services for the 2015/2016 Financial Year (01 July 2015 to 30 June 2016)

Level	% Score	Terminology	Total	%
4	91-100%	Performance exceeds expectations	6	6.81%
3	86-90%	Targets met	32	36.36%
2	75-85%	Not Achieved	41	46.59%
1	0-74%	Unacceptable Performance	9	10.22%
Total		KPI's applicable for 3rd quarter	88	100%

PROJECT AND/OR SERVICES IDENTIFIED AS PERFORMANCE EXCEEDS EXPECTATIONS

This section indicates that the municipality is succeeding in providing the following services:-

Directorate of Community Services

1. Number of (K78) multi road blocks with all law enforcement agencies in the VSD.
2. Number of traffic road safety conducted in VSD.
3. R Value collected from vehicles testing station.
4. R income collected from vehicle registration and licensing/renewals
5. R value collected from outstanding traffic fines

Directorate of Strategic Planning and LED

6. Number of SMME's workshop conducted to capacitate SMME's

7. **CONCLUSION**

2015/2016 year the overall performance results reflects a **40%** success rate caused by mixed performance results of departments in implementing the SDBIP and the instability of the municipality. The 2015/2016 **(40%)** achieved percentage is higher than 2014/2015 **(29%)** financial year period.

In order to improve the overall performance, sound financial management and service delivery principals are essential and critical to remain financial viable and to deliver a quality municipal services to the community. The challenges during the financial year under review were that the municipality was facing a halt 6 months of operations due to political and administrative instability.

During the reporting period of the 2015/2016 financial year, the municipality conducted the strategic planning for the preparation of the improvement financial year (2015/2016), which focused more on the financial viability, operational systems and internal control of the municipality.








The municipality to embark on implementing a range of revenue collection strategies to optimise the collection of debt owed by consumers.






The municipality will continue to improve its performance management system, particularly, in the application of the SMART principle. Ventersdorp Local Municipality is improving on accurate and timeously performance information submissions, as well as reporting meaningful deviations and remedial actions for all the targets not met quarterly, other plans are underway to improve the organisational performance management culture to eliminate the hindrances to proper planning and to accurate and credible reporting on performance.




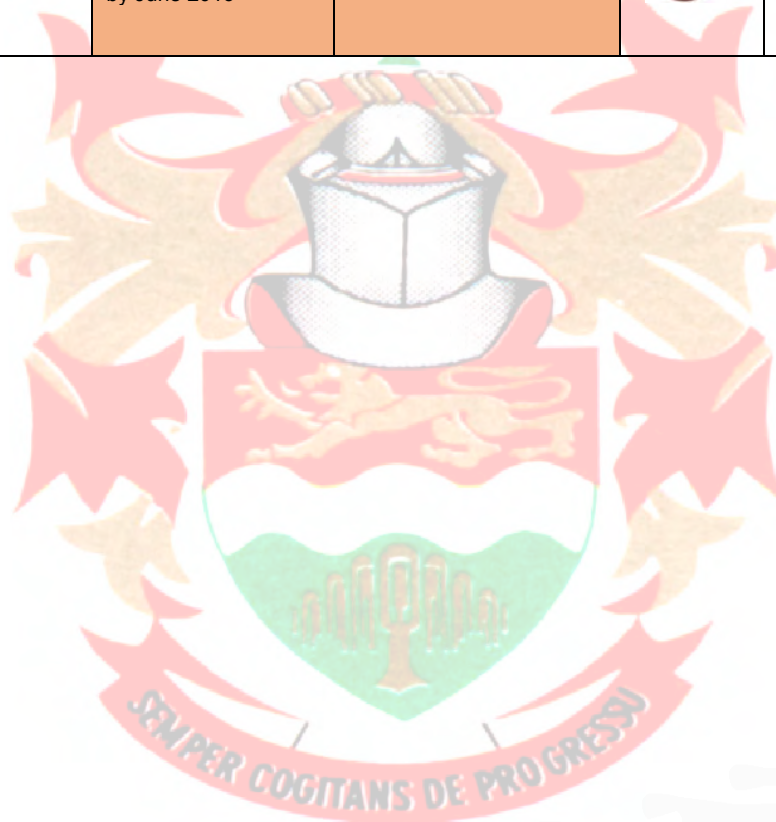

MR. MANOTO MORUTI
ACTING MUNICIPAL MANAGER








Date: **17 AUGUST 2016**








KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATIONS AND INSTITUTIONAL DEVELOPMENT							
Key Performance Indicator Outcome 9	Previous Financial Years		Financial Year Under Review 2015/2016		Rating	Reason for Deviation	Planned Remedial Action
	2013/2014	2014/2015	Target	Actual Performance			
STRATEGIC OBJECTIVE: TO IMPROVE ORGANIZATIONAL COHESION AND EFFECTIVENESS							
Strategic planning session held by end July 2015	-	Strategic planning session held in 2009	Strategic planning session held by end July 2015	Strategic Planning was held from the 29 – 31 July 2015 at a cost of ±R95 000.00		None	None
2015/16 PMS Policy Framework reviewed by end July 2015 (Compliance)	2013/2014 PMS Policy Framework adopted by Council on the 31 May 2014	2014/15 Reviewed PMS Policy Framework adopted on 29/05/2015 (ITEM: C254/2014-2015)	2015/16 PMS Policy Framework reviewed by end July 2015	2015/2016 PIMS Policy Framework review was adopted on the 29/05/2015 by Council. ITEM: C254/2014-2015		None	None
Number of Performance Agreement signed by end June 2015	6 performance agreement in place	6 Signed copies of 2014/15 Performance Agreements by 31 July 2014	6 Signed Performance Agreements by end June 2015	PA were signed by MM and HOD's on the 31 July 2015		None	None
Number of progress report on Audit Action Plan submitted to audit committee by end June 2016	4 reports in place	0 progress report on Audit Action Plan submitted to the Audit Committee (1 st quarter of the 2014/2015 financial year)	4 Progress reports on Audit Action Plan submitted to Audit committee by end June 2016	No progress report has been done on the Audit Action Plan to the Audit Committee		Lack of commitment on reporting the Action Plan by Management	The progress report to be reported for all the months on the next financial year and submitted to AC
Number of Quarterly assessment report conducted by end June 2016	-	New indicator AG's Report	4 Quarterly Assessment reports conducted by end June 2016	Not Achieved		The changing of HOD's acting position	The 4 th quarter assessment to be conducted in the next financial year
Risk assessment workshop conducted on emerging risks by end June 2016	-	1 risk assessment report 2013/14 (VLM)	2 Risk assessment workshop conducted on emerging risks by end June 2016	Not Achieved		Lack of staff	Risk to be conducted in the next financial year
IT Master System Plan approved by Council by end September 2015	Draft in place	Master plan not adopted by June 2015	IT Master System Plan approved by Council by end September 2015	Draft IT master plan still needs to be approved by Council.		None sitting of council meetings making it impossible to implement the plans	None sitting of council Meetings
Number of LLF meetings conducted by end June 2016 							





KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATIONS AND INSTITUTIONAL DEVELOPMENT							
Key Performance Indicator Outcome 9	Previous Financial Years		Financial Year Under Review 2015/2016		Rating	Reason for Deviation	Planned Remedial Action
	2013/2014	2014/2015	Target	Actual Performance			
STRATEGIC OBJECTIVE: TO ACHIEVE COMPLIANCE TO EMPLOYMENT EQUITY ACT							
Number of Employment Equity Consultative Forum meetings conducted by end June 2016	The draft Employment Equity Plan submitted to DOL For evaluation	The draft Employment Equity Plan submitted to DOL For evaluation	2 Employment Equity Consultative Forum meetings conducted by end June 2016	Not Achieved		Lack of HR staff.	Measures will be taken to ensure that the meetings are conducted in future.
2015/16 Annual Employment Equity Plan submitted to the Department of Labour by end September 2015	18 Employees employed in accordance with Employment Equity Plan targets	6 employees (employed in accordance with EE targets) 6 employees (not employed in accordance with employment equity targets) 1 employee (AM-PM) employed in accordance with EE targets 5 employees (AM-ASS & SJS) employed in accordance with EE targets total of 18	2015/16 Annual Employment Equity Plan submitted to the Department of Labour by end September 2015	Employment Equity Reports were submitted on-line to the DOL on the 27 th of January 2016. Employment Equity Plan not yet submitted.		Employment Equity Reports were submitted on-line to the DOL on the 27 th of January 2016. Employment Equity Plan not yet submitted.	Employment Equity meetings to be arranged for the conclusion of the draft Employment Equity Plan and submission thereof.
(National KPI)							
STRATEGIC OBJECTIVE: TO ENSURE PROPER ORGANISATIONAL STRUCTURE THAT SUITES THE GROWTH OF THE INSTITUTION							
Number of Critical vacant positions to be filled by June 2016	-	New indicator AG's finding	26 Critical vacant positions to be filled by June 2016	1 Appointment. (KS Moeng)		A moratorium was placed on the appointment of staff as a result of the amalgamation process.	A request for the filling of critical vacant positions was submitted to the Office of the MEC.
Annual Work Skills Plan submitted to LGSETA end June 2016	2014/2015 Workplace Skills Plan submitted	The 2015/2016 WSP & ATR was submitted to LGSETA on the 30 th of May 2015. Training was conducted on an on-going basis at a cost of R380 000.00	Annual Work Skills Plan submitted to LGSETA end of April 2015	2016/17 Workplace Skills Plan submitted to LGSETA on 30 May 2016.		None.	None.
Number of Skills Development programmes implemented	1 report submitted to Council on the 24 July 2012	4 report on the work Skills Plan to LGSETA by June 2015	16 Skills Development programmes implemented by June 2016	6 Skills Development Programmes Implemented by June 2016 (Medium Voltage Course, First Aid Level 2 for OHS, Cable joining & Termination, Electrical Protection, AUTOCAD, Outcome Based		Finalization of the funding agreement between the municipality and LGSETA is still outstanding.	Municipalities have been engaging with LGSETA in SDF Forums to resolve the finalization of funding agreements. Up to date no feedback was received from LGSETA. District agreed to intervene.

				Monitoring and Evaluation)			
STRATEGIC OBJECTIVE: TO MINIMIZE INJURIES ON DUTY AND THE EFFECT OF OCCUPATIONAL HAZARDS							
Number of Occupational Health and Safety Act compliance reports approved by Council	8 OHS reports submitted to Council	0 report submitted to Council	4 of Occupational Health and Safety Act compliance reports approved by Council by June 2016	2 OHS report compiled and submitted to the Municipal Manager and Administrator		Council Meetings is not taking place due to the intervention of the Constitution Section 139 1(b)	All Reports are submitted and approved by the Administrator
Compliance							









KPA: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT							
Key Performance Indicator	Previous Financial Year		Financial Year Under Review 2015/2016		Rating	Reason for Deviation	Planned Remedial Action
	2013/2014	2014/2015	Target	Actual Performance			
STRATEGIC OBJECTIVE: TO INCREASE BULK AND SUPPLY STORAGE CAPACITY IN ORDER TO IMPROVE ACCESS TO SERVICES AND ENSURE PROPER OPERATIONS AND MAINTENANCE							
Number of households currently serviced with basic water services in VSD Areas (National KPI)		0 households with access to basic water in the rural areas	Water continuously provided to 14 562 household by June 2016	14 562 households currently provided with water in the VSD areas by June 2016		None	None
STRATEGIC OBJECTIVE: TO SUSTAIN CLEAN AND SAFE ENVIRONMENT							
Waste Water Treatment Plant licence acquired by June 2016		No Waste Water Treatment Plant Licence	Acquiring Waste Water Treatment Plant licence by June 2016	Waste Water Treatment Plant Licence submitted to DWS and awaiting approval		There was communication breakdown, between the Municipality and DWA during the year	Municipality to communicate with the Department of Water Affairs to accelerate the process for the next financial year
STRATEGIC OBJECTIVE: TO INCREASE BULK AND SUPPLY STORAGE CAPACITY IN ORDER TO IMPROVE ACCESS TO SERVICES AND ENSURE PROPER OPERATIONS AND MAINTENANCE							
Designed an upgraded Bulk Water Supply for the provision of 250 households in Boikhutsong (Ward 5) by June 2016 (National KPI)	-	New project 450 households provided with water in Boikhutsong	Designed an upgraded Bulk Water Supply for the provision of 250 households in Boikhutsong (Ward 5) by June 2016 at a cost of R1 500 000.00	Designed for the Upgraded Bulk Water Supply completed by March 2016 at a cost of R685 457.82		None	None
Number of KM of new paved Internal Road developed in Tshing Ext 3 (Ward 4) by June 2016 (National KPI)		New project	2Km internal road paved in Tshing Ext 3 (Ward 4) at a by June 2016 at a cost of R3 500 000.00	1.2Km of road is under construction, the laying of paving is still in progress at a cost of R2 859 380.53		Our planned target was 2km, but scope of work could only achieve 1.2km	The Municipality to complete the outstanding 800m road in the next financial year
Number of KM of new tarred Internal Road developed in Appeldraai (Ward 3) by June 2016 (National KPI)		New project (Multi-Year Project 2015-2016 to 2016-2017)	Constructing 1Km new tarred internal road developed in Appeldraai (Ward 3) at a cost of by June 2016 at a cost of 6 000 000.00	Road construction project is completed at a cost of R6 876 380.32		None	None
STRATEGIC OBJECTIVE: TO INCREASE ACCESS TO ELECTRICITY FOR ALL							
Number of H/H currently provided with access to basic electricity in a VSD Areas (National KPI)		12671 Households provided with access to electricity	13 192 of H/H currently provided with access to basic electricity in a VSD areas by June 2016	12 671 households provided with access to basic electricity in the VSD		High level of illegal connections	All illegal connections were disconnected
Number of households electrified in Boikhutsong in (Ward 5) by June 2016 (National KPI)	-	New Project	250 households electrified in Boikhutsong (Ward 5) by June 2016 at a cost of R3 000 000.00	250 Households connected to the grid. Project complete at a cost of R3 026 352.99		None	None

KPA: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT							
Key Performance Indicator	Previous Financial Year		Financial Year Under Review 2015/2016		Rating	Reason for Deviation	Planned Remedial Action
	2013/2014	2014/2015	Target	Actual Performance			
Number of High Mast installed in Tshing Ext 2 (Ward 01) by June 2016 (National KPI)	-	New Project	3 high mast lights installed at Tshing Ext 2 (Ward 1) by June 2016 at a cost of R1 000 000.00	Project Complete at a cost of R466 597.59		None	None
Number of households electrified in Toevlug in (Ward 6) by June 2016 (National KPI)	-	Construction spending at a cost of R139 728.72	200 households electrified in Toevlug in Ward 6 by June 2016 at a cost of R2 200 000.00	Project complete at a cost of R910 438.03		We are currently unable to pay the service provider due to policy on budget roll overs	Municipality to pay from their own funds
Km of Electricity Bulk Line Supply Developed in Boikhutsong (ward 5) by June 2016 (National KPI)	-	Roll over project at a cost of R504 900.00	2.8Km of electricity bulk line supply developed in Boikhutsong (ward 5) by June 2016 at a cost of R2 880 000.00	Construction stop end due to community dissatisfaction at a cost of R1 658 133.73		The municipality cannot spend on roll over, the approval granted	
Number of household provided with Bulk Line Supply to electrify in Doornkop (Ward 3) by June 2016 (National KPI)	-	Consultant appointed and after feasibility study he declined the contract	34 households provided with Bulk Line Supply to electrify in Doornkop (Ward 3) by June 2016 at a cost of R1 200 000.00	Electrification of reticulation completed at a cost of R417 670.15		We could not get the service from the private owner	Letter of concern has sought with property owner (CPA for rerouting thereof), consultations to be conducted in the next financial year
Number of households electrified Buffelsvlei in (Ward 4) by June 2016 (National KPI)	-	New	Electrification of 21 households in Buffelsvlei (Ward 4) by June 2016 at a cost of R800 000.00	All 21 households reticulated and metered at a cost of R572 915.23		Connection to Eskom abstraction point	Formal application is submitted to Eskom, project to be completed in the next financial year
Number of backlogs with the access to basic level of electricity in the Urban areas by June 2016 (National KPI)	-	Installation in progress at a cost of R1 959 329.30	200 electricity backlogs with access to basic level electricity by June 2016 in Urban areas (Toevlug) Ward 6	All 200 households were connected to the network and energised. Project complete		None	None
Number of households without access to basic level of electricity in the Rural area by June 2016 (National KPI)		1005 households without access to basic level of electricity in the rural areas	700 households without access to basic level of electricity by June 2016 in the Rural area by June 2015	Not Achieved		None	None
STRATEGIC OBJECTIVE: IMPROVE ACCESS TO SERVICES AND ENSURE PROPER OPERATIONS AND MAINTENANCE							










Number of KM of new tarred Internal Road developed in Tshing proper & Ext 4 by June 2016 (Ward 02) (National KPI)		New project	1.9Km of new tarred internal road developed in Tshing proper & Ext 4 (Ward 02) by June 2016	Road construction still in progress at a cost of R238 764.18		Due to 8.5m that was withheld by MIG the project will be completed during 16/17 financial year	Provision has been made in the 16/17 financial year by the municipality to complete the project
Km of Storm- Water drainage constructed in Ext 2 (Ward 01) by June 2016		New	300m Open Storm- Water Channel constructed in Ext 2 (Ward 01)) by June 2016 at a cost of R2 000 000.00	Project still in progress at a cost of R491 132.62		None	None
Community Hall constructed at Makweteng (Ward 02) by June 2016	Consultant and contractor appointed still busy with the design stage	Project on design stage at a cost of R578 350.82	Constructing Community Hall in Makweteng (Ward 02) at a cost of R6 000 000.00 by June 2016 at a cost of roll over amount R5 412 649.18	Construction activity is at the roofing level and above 70% completed at a cost of R187 416.00		None	None
STRATEGIC OBJECTIVE: TO SUSTAIN CLEAN AND SAFE ENVIRONMENT							
% landfill site licensed by June 2016 (AG)		Still in progress	100% landfill site licensed by Sep 2016	Landfill site licenced at R0.00		None	None




KPA: SERVICE DELIVERY AND INFRASTRUCTURE

Key Performance Indicator	Previous Financial Year 2013/2014		Financial Year Under Review 2015/2016		Rating	Reason for Deviation	Planned Remedial Action
	2013/2014	2014/2015	Target	Actual Performance			
STRATEGIC OBJECTIVE: PROMOTE SAFE AND HEALTHY ENVIRONMENT							
Service Level Agreement with Dept of Education, Culture Arts Traditional Affairs for School committee library in Toevlug primary signed	-	New Project	Signing of Service Level Agreement with Dept. of Education, CATA for School committee library in Toevlug primary by June 2016	Service Level Agreement not yet been signed The furniture was delivered by Dept. Culture, Arts and Traditional Affairs (CATA) by end of March		The recruitment process also caused another delay	The Dept. of Culture, Art, and Traditional Affairs has been engaged to speed up the recruitment process. SLA to be finalised in the next financial year
Renovations of VSD Main Library by June 2016		New project	Renovations of VSD Main Library by June 2016	Renovations have been done in the 2 nd Quarter at a cost of R90 487.97		None	None
Number of Library awareness programmes presented in VSD area by June 2016	30 programmes implemented	40 library programmes at a cost of R125 133.31	Presenting 58 Library awareness programmes in the VSD area by June 2016	61 Library awareness programmes in the VSD areas by June 2016		None	None










Number of fire programme compliance with the SANS regulation	6 fire programmes conducted in schools	3 programmes in compliance with the SANS regulation by June 2016	20 programmes in compliance with the SANS regulation by June 2016	25 programmes in compliance with SANS regulation by June 2016		None	None
Number of (K78) multi road blocks with all law enforcement agencies in the VSD conducted	9 (K78) multi roadblock conducted	14 (78) multi road block conducted by June 2015	Conducting 12 (K78) multi roadblocks with all law enforcement agencies in the Ventersdorp by end June 2016	27 Road blocks with law enforcement agencies in the VSD conducted by June 2016		None	None
Number of compliance in operation of municipal traffic conducted	22 traffic safety operations	30 Traffic and road safety conducted including 25km road marking at a cost of R21 220.01	50 compliance in operation of municipal traffic conducted by June 2016	61 compliance in operation of municipal traffic conducted by June 2016		None	None






















KPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT							
Key Performance Indication	Previous Financial Year		Financial Year Under Review 2015/2016		Rating	Reason for Deviation	Planned Remedial Action
	2013/2014	2014/2015	Target	Actual Performance			
STRATEGIC OBJECTIVE: TO IMPROVE OVERALL FINANCIAL MANAGEMENT IN THE MUNICIPALITY BY DEVELOPING AND IMPLEMENTING APPROPRIATE FINANCIAL MANAGEMENT POLICIES, PROCEDURE AND SYSTEM							
Debt coverage ratio for 2015/2016	-	New	123.3 Debt coverage ratio for 2015/2016 by June 2016	Not Achieved		Non disconnection of services result in consumers not paying	Disconnection of services needed urgently to force consumers to pay for services used
Outstanding Service Debtors to Revenue ratio for 2014/2015	-	New	120.8% Outstanding Service Debtors to Revenue ratio for 2015 by June 2016	Not Achieved		Disconnection of services needed urgently to force consumers to pay for services used	Disconnection of services needed urgently to force consumers to pay for services used
Cost coverage ratio for 2014/2015	-	new	(0.1) Cost coverage ratio for 2014/2015	Not Achieved		Non disconnection of services result in consumers not paying	Disconnection of services needed urgently to force consumers to pay for services used
% compliance of MFMA sec 32	30.6% Unauthorised, Irregular, Fruitless Expenditure	0.25% limited unauthorised, Irregular and Wasteful Expenditure	100 % compliance of MFMA sec 32 by June 2016	1.33% Irregular, 0 unauthorised and 3 Wasteful		SCM Policy not properly followed	Workshops to be conducted on SCM policy
% compliance of MFMA sec 62	87%	72%	100 % compliance of MFMA sec 62 by June 2016 (General Financial management, Expenditure etc)	34%		None	None
% compliance of MFMA sec 63	Draft Register	Not Achieved	100 % compliance of MFMA sec 63 by June 2016 (Asset and liability management)	No report		None	None
% compliance of MFMA sec 64	57 revenue growth	88% revenue growth excluding capital grant by June 2015	100 % compliance of MFMA sec 64 by June 2016 (Revenue management)	30% compliance of MFMA sec 64 by June 2016		None	None
% compliance of MFMA sec 125			100 % compliance of MFMA sec 125 by June 2016 (Compulsory disclosure, financial statements)	100% compliance of MFMA sec 125 by June 2016		None	None
% compliance of		New	100% compliance of	75% compliance of SCM		None	None











SCM regulations			SCM regulations by June 2016	regulations by June 2016			
% compliance of preferential procurement policy framework		New	100% compliance of preferential procurement policy framework by June 2016	60% compliance of preferential procurement policy framework by June 2016		None	None
R value revenue collection for the VLM			R151 508 000 revenue collection for VLM by June 2016	R77 785 262 revenue collection for VLM by June 2016		None	None
R value spend on Free Basic Services	R2.5m spent on FBS	Committed for payment	R14 380 000.00 spent on Free Basic Services by June 2016	R812 675 spent on Free Basic Services by June 2016		None	None



KPA: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL RATIONAL							
Key Performance Indicator	Previous Financial Year 2013/2014		Financial Year Under Review 2015/2016		Rating	Reason for Deviation	Planned Remedial Action
	2013/2014	2014/2015	Target	Actual Achievement			
STRATEGIC OBJECTIVE: TO CREATE AN ENVIRONMENT THAT PROMOTES DEVELOPMENT OF LOCAL ECONOMY AND FACILITATE JOB CREATION							
Number of cooperatives established	6 jobs created through supported cooperatives	Out-dated cooperatives registered	2 co-operatives established by June 2016	6 Co-operatives registered		None	None
Number of jobs created through Local Economic Development	259 jobs created through EPWP	No report on quarterly report for EPWP	450 jobs opportunities created through EPWP by June 2016	77 jobs opportunities created through EPWP by June 2016		The allocation for the job opportunities was only created for the number	Funding from the Province determine what number the municipality can employ
Number of municipal LED forum conducted	None	4 Municipal LED Forum Meetings conducted	4 of municipal LED forum conducted by June 2016	1 of LED Forum Meeting held by 09 Feb 2016		None attendance of LED forum meeting by Stakeholders	Motivate stakeholders to attend LED forum meeting in the next financial year
Number of reports on opportunities created through CWP		New	4 reports on opportunities created through CWP in June 2016	4 reports on opportunities created through CWP submitted to the Province		None	None
Number of municipal LED forum meeting conducted	4 municipal LED forums conducted	None	4 municipal LED forums meetings to be conducted	4 municipal LED forums meetings conducted		None	None
STRATEGIC OBJECTIVE: TO REDUCE UNEMPLOYMENT AND ENHANCED LED ACTIVITIES							
Number of SMME's workshops conducted to capacitate SMME's	10 reports on program SMME's workshop to capacitate SMMEs and Co-operatives	7 report on programmes/workshop s to capacitate SMMEs and Corporative	4 SMME workshop conducted to capacitate SMME's by June 2016	7 SMME's workshops/training conducted to capacitate SMME's by June 2016		None	None
% of Implementation of SPLUMA to comply with regulations in the VSD		New	100% Implementation of SPLUMA by June 2016	SPLUMA By-Law approved by Council on the 03 Mar 2016		Progress report not submitted to Council	The merger will assist with the sitting of council for progress reports to be submitted and approved in the next financial year
Land Use Management System (LUMS) developed		New	Land Management System (LUMS) developed by June 2016	SPLUMA By-Law approved by Council on the 03 Mar 2016		None	None
% of Municipal Land Use Management System implemented		New	100% Municipal Land Use Management System Implemented by June 2016	SPLUMA by Law is being implemented		None	None

KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
Key Performance Indicator	Previous Financial Year 2013/2014		Financial Year Under Review 2014/2015		Rating	Reason for Deviation	Planned Remedial Action
	2013/2014	2014/2015	Target	Actual Performance			
STRATEGIC OBJECTIVE: TO PROMOTE A CULTURE OF PARTICIPATORY AND GOOD GOVERNANCE							
Number of Audit findings resolved		New	123 Audit findings resolved by June 2016	No Audit Action Plan submitted to the Audit Committee to track progress on the report		Audit Action Plan progress not reported to the Audit Committee and Management	The municipality to commit on reporting the Audit Action Plan for progress to be tracked in the next financial year
Number of reviewed municipal policies approved by Council	-	25 policies in place	9 Reviewed municipal policies approved by Council by June 2016	2 municipal policies reviewed and approved by Council		All policies are reviewed in collaboration with Tlokwe for establishment of one entity	Policies to be reviewed in the next financial year
2014/2015 AFS submitted within timeframe to Auditor General	2012/2013 AFS submitted to AGSA by end of Aug	2013/2014 AFS submitted to Auditor General timeously	2014/2015 AFS submitted within timeframe to Auditor General by Aug 2015	2014/2015 AFS submitted within timeframe to Auditor General by Aug 2015		None	None
Number of MPAC Committee Meetings conducted	4 MPAC Committee meetings conducted	2 MPAC Committee meetings conducted	4 MPAC Committee meetings conducted by June 2016	None attendance of meetings by the MPAC Committee		The Committee did not attend meetings	The MPAC chairperson to adhere to the meetings schedule in the next financial year
Number of functional section 80 committees (portfolio committee) conducted	4 section 80 meetings conducted	2 Section 80 Committee meetings conducted	3 functional section 80 committees (portfolio committee) conducted by June 2016	1 meeting on 08 October 2016 Joint Portfolio Committee meeting		Meetings not sitting	Adherence to the approved Council Schedule
Number of Ordinary and Special Council meetings convened by June 2016	4 Ordinary and 4 Special Council Meetings conducted	2 Ordinary Council Meeting convened 16 Special Council Meetings conducted	4 Ordinary and Special Council meetings convened by June 2016	5 Special and 1 Ordinary Council Meetings convened		None	None
% of Council resolutions implemented	100% updated Council Resolution Register exist	0% updated Council resolution implementation plan	100% of Council resolutions implemented by June 2016	Checklist developed and submitted		The Resolution implementation report not approved by Council, due to Council not sitting because of the intervention	The implementation report to serve before council for approval to track the resolutions implemented in the next financial year
Number of functional Ward committees	6 functional ward committee	6 functional ward committee	6 functional ward committees by June 2016	6 ward committee functional		Submission of attendance register without the reports and minutes	Submission of reports and minutes in the next financial year
Number of Ward Committee meetings held		0 Ward Committee report submitted to Council	8 ward committee meetings held per ward by June 2016	18 registers submitted		Submission of attendance register without the reports and minutes and not POE	Submission of reports and minutes in the next financial year
Number of Ward Committee capacitated	46 trained	Not Achieved	60 Ward Committees capacitated by June 2016	60 Ward Committee capacitated by June 2016		None	None

Number of Community participation in Ward Committees			24 Community participation in Ward Committees by June 2016	3 Community participation in Ward Committees			
STRATEGIC OBJECTIVE: TO PROMOTE COMMUNITY AND STAKEHOLDER PARTICIPATION							
Number of Mayoral Izimbizo held	1 Imbizo conducted in Rysmierbult	0 Izimbizo	2 Mayoral Izimbizo's held by June 2016	0 Mayoral Izimbizo held by June 2016		Only community meetings	None
STRATEGIC OBJECTIVE: TO EMPOWER YOUTH PROGRAMMES TO SUPPORT YOUTH							
Number of reports on the activities of mayoral forums	0 report	0 report	4 report on activities of mayoral forums by June 2016	0 report on activities of mayoral forums		1 youth entrepreneur workshop	Submission of attendance register in the next financial year
Number of By-Laws published annually in the provincial gazette	-	3 By-Laws published annually in the provincial gazetted	1 By-Laws published annually in the provincial gazette by June 2016	SPLUMA By-Law gazette on the 22/03/2016		None	None
STRATEGIC OBJECTIVE: TO EMPOWER YOUTH PROGRAMMES TO SUPPORT YOUTH							
Number of Anti-corruption forums held	None	None	4 Anti-Corruption forums held by June 2016	None		DRKKDM Forum to arrange the meeting for Launching	The Forum to conduct the Launching in the next financial year
Number of citizen satisfaction surveys conducted	None	None	1 Citizen satisfaction surveys conducted by June 2016	None		Still in consultation with the province for questionnaires (forms)	To be fast tracked in the next financial year
Number of Community participation in IDP, PM, Budgeting and Service Delivery conducted	-	New	Conducting 4 Community participation in IDP, PM, Budgeting and Service Delivery by June 2016	2 community participation in IDP, PM, Budgeting and Service Delivery		Schedule of meetings not adhered to	The municipality to adhere to the Participation meetings schedule in the next financial year
Number of reports submitted to IA and AC District Shared Service for review	4 reports	1 report submitted	4 reports submitted to IA and AC District Shared Service for review by June 2016	0 reports			
Contract management system managed and relevant department informed within 2 months of expiry of contracts	-	New indicator (AG's finding)	Managing the contract Register of Council and informing relevant departments of expiry dates of contracts within 2 months of expiry of the contract by June 2016	Contract Register kept by SCM Unit and all custodians are informed about termination dates, No register in place		No employee in the SCM Unit is responsible to issue notifications to custodians.	SCM to develop a register and monitor all contracts

2016/2017 Municipal Process Plan tabled by Council	2014/2015 Municipal Process Plan tabled by Council by Aug 2013	2015/2016 Municipal Process Plan tabled by Council by Aug 2014	2016/2017 Municipal Process Plan tabled by Council by Aug 2015	2016/2017 Municipal Process Plan tabled by Council by Aug 2015		None	None
Final 2016/2017 IDP tabled by Council	Final 2014/2015 IDP tabled by Council by May 2014	Final 2015/2016 IDP tabled by Council by May 2015	Final 2016/2017 IDP tabled by Council by May 2016	Final 2016/2017 IDP tabled by Council by May 2016		None	None
Final 2016/2017 Budget tabled by Council	Final 2014/2015 budget tabled by Council by 31 May 2014	Final 2015/2016 budget tabled before Council by 29 May 2015	Final 2016/2017 Budget tabled by Council by May 2016	Final 2016/2017 Budget tabled by Council by 31 May 2016		None	None
% of Financial recovery plan implemented for the VLM	New	Financial recovery plan approved by Council	100% of Financial recovery plan implemented for VLM by June 2016	Not achieved		Lack of resources and staff	The financial recovery plan to be implemented in the next financial year
2016/2017 final SDBIP approved by Mayor	2014/2015 Final SDBIP approved by the Mayor on the 28 June 2014	2015/2016 Final SDBIP approved by the Mayor by 26 June 2015	2016/2017 Final SDBIP approved by the Mayor by 28 June 2016	2016/2017 Final SDBIP approved by the Mayor by 28 June 2016		None	None
2014/2015 Annual Performance Report submitted to AGSA	2012/2013 Annual Performance Report submitted to AGSA by Aug 2013	2013/2014 Annual Performance Report submitted to AGSA by Aug 2014	2014/2015 Annual Performance Report submitted to AGSA by Aug 2015	2014/2015 Annual Performance Report submitted to AG by 31 Aug 2015		None	None
Audited 2014/2015 Annual Report tabled before Council	Audited 2012/2013 Annual Report tabled before Council by Jan 2014	Audited 2013/2014 Annual Report tabled before Council by Feb 2015	Audited 2014/2015 Annual Report tabled before Council by Jan 2016	Audited 2014/2015 Annual Report tabled before Council by 05 Feb 2015 (ITEM: 066/2015-2016)		None	None
2014/2015 Financial statement submitted to AG.	2012/2013 Financial Statement submitted to AG by 31 Aug 2013	2013/2014 Financial Statement submitted to AG by 31 Aug 2014	2014/2015 Financial statement submitted to AG by Aug 2015	2014/2015 Financial Statements submitted to AG by 31 Aug 2015		None	None
Oversight report tabled to Council		Oversight report tabled by Council	Oversight report tabled to Council by March 2016	Oversight report was not tabled before Council		None attendance of meetings by the MPAC Committee	The Oversight report for the 2015/2016 Annual report to be tabled in the next financial year
Oversight report submitted (Provincial legislature and MEC of Local Government)		Oversight report not submitted (Provincial legislature and MEC of Local Government)	Oversight report submitted (Provincial legislature and MEC of Local Government) by April 2016	Not Achieved		The oversight was not tabled before council	Oversight report submitted to Legislature in the next financial year after compiled and tabled by Council

9. VENTERSDORP LOCAL MUNICIPALITY'S AUDIT COMMITTEE (AC) ANNUAL REPORT TO COUNCIL AND PROVINCIAL LEGISLATURE FOR PERIOD ENDED 30 JUNE 2016

1. INTRODUCTION

For and on behalf all the members of our esteemed Audit Committee (AC), I derive great pleasure and honour in presenting the annual audit committee report for the financial year 2015/2016 in accordance with the applicable legislative provisions.

2. Audit Committee Fiduciary Duties

In terms of Section 166 of the Municipal Finance Management Act (No. 56 of 2003), the Audit Committee must:

- (a) advise the Municipal Council, the political office-bearers, the Accounting Officer and the management staff of the municipality on matters relating to:-
 - (i) *Internal financial controls and internal audit;*
 - (ii) *risk management;*
 - (iii) *accounting policies;*
 - (iv) *the adequacy, reliability and accuracy of financial reporting and information;*
 - (v) *performance management;*
 - (vi) *effective governance;*
 - (vii) *compliance with the MFMA, the DORA and any other applicable legislation;*
 - (viii) *performance evaluation; and*
 - (ix) *any other issues referred to it by the municipality.*
- (b) review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its effectiveness and its overall level of compliance with the MFMA, the DORA and any other applicable legislation;
- (c) respond to the Council on any issues raised by the Auditor-General in the audit report;
- (d) carry out such investigations into the financial affairs of the municipality as the council of the municipality may request; and
- (e) perform such other functions as may be prescribed.

3. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The AC, consisting of independent outside members listed below, meets at least four times per annum as per its approved terms of reference; additional special meetings may be called as the need arises.

4. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee (AC) reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The AC also reports that it has adopted appropriate formal terms of reference as its AC Charter and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

5. EFFECTIVENESS OF INTERNAL CONTROL

AC's review of the effectiveness of the internal control revealed that there is a room for improvement in the system of internal control of the municipality. Internal audit findings and AGSA findings revealed a regression in system of internal control in respect of financial management/reporting, performance management and reporting and compliance with laws and regulations.

6. IN YEAR/MONTHLY MONITORING REPORT

The municipality failed to develop and implement monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA). Monitoring and reviews of performance information were not periodically in the year under review.

7. RISK MANAGEMENT

The AC is of the opinion that municipality's risk management maturity level is very non-existent. There is a room for improvement in so far as establishment and capacitating the risk management unit (including location of the unit), implementation of appropriate risk management strategies, policies and activities to ensure that regular risk assessments including consideration of emerging risks, audit findings and IT risks and fraud prevention.

8. FINANCIAL MANAGEMENT

The AC used a set of uniform key financial ratios and norms suitable and applicable to municipalities as articulated in MFMA circular no 71 to assess the financial health and viability of the municipality. The review revealed that municipality is not financial viable. Thus, AC recommends the development of comprehensive financial turnaround strategy.

9. COMPLIANCE WITH LAWS AND REGULATIONS

A number of non-compliance with the enabling laws and regulations were revealed by Audit Committee, Internal Audit and AGSA during the year. Thus, there is a room for improvement in so far as establishing an effective system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance. Thus, the AC recommended development and implementation of compliance management system and framework in order to addresses the issues of non-compliance.

10. INTERNAL AUDIT

There is a serious room for improvement in so far as implementation of recommendations of internal audit by management, since not all the recommendations made by internal audit was implemented.

11. EXTERNAL AUDIT

AC was not afforded an opportunity to interact with Final Audit and Management Letter issued by AGSA, thus we are unable to advice in this regard.

12. PERFORMANCE MANAGEMENT

There is a room for improvement in so far as achievement of planned targets is concerned, usefulness and reliability of performance information as well as management's adequate review and monitoring of performance management information/reports.

13. FINANCIAL REPORTING

There is a serious room for improvement in so far as compliance with section 122 of the MFMA and management's review and monitoring of financial reports to the quality, accuracy, uselessness, reliability and appropriateness of monthly, quarterly and annual financial reporting.

14. IT GOVERNANCE

There is a room for improvement in so far as designing and implementation of formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.

15. IMPLEMENTATIONS OF AUDIT COMMITTEE RESOLUTIONS

As at the end of the year, a number of Audit Committee resolutions were not implemented. Some of the recommendations are contained in the action plan of the AC and here is a scope for improvement by management in this regard.

16. IMPLEMENTATION OF COUNCIL RESOLUTIONS

As at the end of the year a number of Council resolutions were not implemented and consequently, the AC recommends development and implementation of Council resolutions management systems and possible automation of the management of council resolutions.

17. CONSEQUENCE MANAGEMENT FRAMEWORK

For Council to foster and integrate the culture of accountability in the municipality, the AC recommends development and implementation of consequence management framework.

18. INTEGRATED/COMBINED ASSURANCE FRAMEWORK

To enhance the governance and oversight function of the municipality, the AC recommends development and implementation of combined assurance framework.

19. LEADERSHIP

There is a room for improvement in so far as management's oversight on the financial statements, performance reporting and compliance with laws and regulations governing the municipality.

20. LITIGATIONS

AC noted that the municipality is a defendant in a number of claims and they are opposing some of these claims. The ultimate outcome of these matters cannot be presently being determined due to the nature of these litigations.



SAB Ngobeni
Ventersdorp Local Municipality
Chairperson of the Audit Committee
January 2017

List of Acronyms

AC	Audit Committee
AG	Auditor-General
CBP	Central Business District
CBD	Community Based Plan
CC	Council Committee
CPA	Community Property Association
DORA	Division of Revenue Act
DWA	Department of Water Affairs
EECF	Employment Equity Consultative Forum
EPWP	Extended Public Works Programme
GIS	Geographic Information System
IDP	Integrated Development Plan
INEP	Integrated National Electrification Program
LLF	Local Labour Forum
VSD	Ventersdorp District
VLM	Ventersdorp Local Municipality
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MIG	Municipal Infrastructure Grant
MFMA	Municipal Financial Management Act
MSA	Municipal Systems Act
OHS	Occupational Health Safety
PAC	Performance Audit Committee
PGDS	Provincial Government Development Sector
PMS	Performance Management System
POE	Portfolio of Evidence
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDBIP	Service Delivery and Implementation Plan
SETA	Sector Education and Training Authority
SMME	Small, Medium and Micro Enterprises
WPSP	Work Place Skills Plan
WWTP	Waste Water Treatment Plan
AR	Annual Report
MPAC	Municipal Public Accounts Committee
DLG&HS	Department of Local Government and Human Settlement

Chapter 4



Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

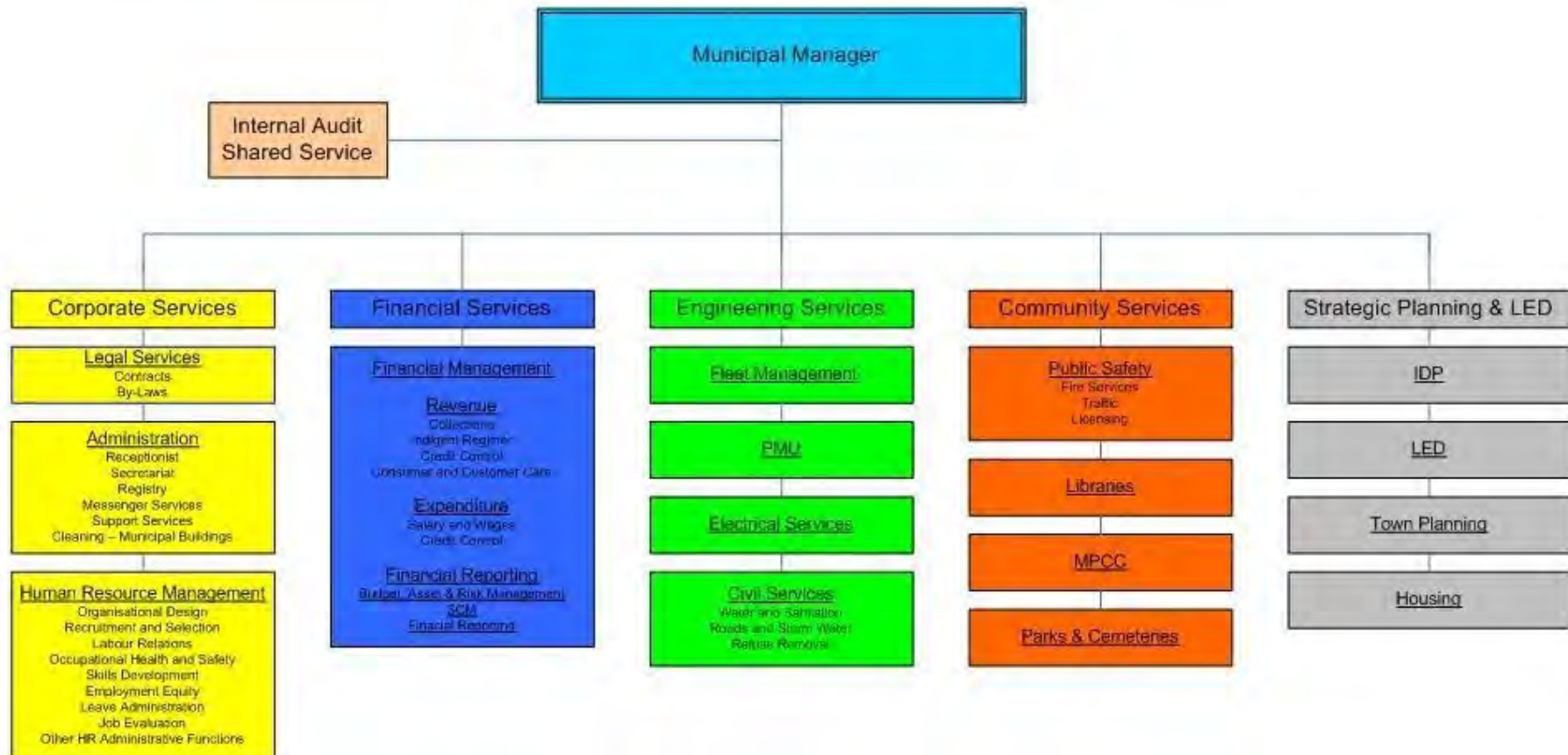
Ventersdorp Local Municipality consists of Six directorates which are as follows:-

- ✓ Municipal Manager;
- ✓ engineering Service;
- ✓ corporate Services;
- ✓ finance;
- ✓ strategic Planning and LED; and
- ✓ community Services.

Ventersdorp has a 157 total number of officials employed, 74 vacancies the total posts is 231.

The Municipality's top structure is as follows:-

VENTERSDORP LOCAL MUNICIPALITY OVERHEAD FUNCTIONAL STRUCTURE



COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

EMPLOYEES OF THE VENTERSDORP LOCAL MUNICIPALITY					
Description	2014/2015	2015/2016			
	Employees No	Approved Posts	Employees No	Vacancies No	Vacancies %
Directors	6	6	3	3	50
Secretaries	6	6	6	0	0
Office of the Mayor	9	10	10	0	0
PMS	1	1	1	1	0
HR	5	5	4	1	20
Administration	13	16	13	3	19
Properties	2	2	2	0	0
Revenue	11	17	11	6	35
Expenditure	6	6	6	0	0
Budgeting	6	7	6	1	14
Electrical and Mechanical Services	14	16	14	2	13
Water Services	9	15	10	5	33
Waste Water (Sanitation) Services	14	16	13	3	19
Roads and Storm-water Drainage	8	20	7	13	65
Solid Waste Management Services	12	14	12	2	14
Libraries	3	14	2	12	86
Fire and Disaster Management	5	6	5	1	17
Licensing Services	8	11	8	3	27
Cemeteries and Parks	6	8	6	2	25
Sport Facilities & Amenities	2	16	5	11	69
IDP	2	6	2	4	67
Engineering Administration	3	2	2	0	0
Planning (Town-Planning, Building Survey, Building Construction and PMU)	3	4	3	1	25
Human Settlement	2	3	3	0	0
Local Economic Development	1	2	2	1	50
Security	The Municipality is utilizing service provider for security				
TOTALS	163	231	157	74	32%

TURN-OVER RATE			
Details	Total Appointments as of beginning of Financial Year No	Terminations during the Financial Year No	Turn-Over Rate
2013/2014	7	9	6.12%
2014/2015	17	5	3.27%
2015/2016	2	10	6.13%

VACANCY RATE 2015/2016			
Designations	Total Approved Posts No	Vacancies (Total time that vacancies exist using fulltime equivalents) No	Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	1	100%
CFO	1	0	0%
Other Section 57 Managers (excluding Finance Posts)	4	2	50%
Safety and Security	-	-	-
Fire Fighters	5	0	0%
Senior Management: Level 1-3 (excluding Finance Posts)	10	5	50%
Senior Management: Level 1-3 (Finance posts)	3	0	0%
Highly Skilled Supervision: Level 4-6 Excluding Finance Posts)	45	9	20%
Highly Skilled Supervision: Level 4-6 (Finance Posts)	13	1	8%
Total	82	18	22%

COMMENTS ON VACANCIES AND TURNOVER

The total vacancy rate for the financial year under review totalled 78 or 34%; this was as a result of a lot of vacancies which were advertised internally in order to address informal acting's un-procedural appointments and restructuring of the organisational structure. The total number of vacancies remains a challenge but will be addressed during the 2016/2017 financial year.

THE STATUS OF THE SECTION 56 & 57 MANAGERS IS AS FOLLOWS:-

Position	Filled/ Vacant
Municipal Manager	Vacant
Acting Municipal Manager	Filled
Acting Director Corporate Services	Vacant
Director Financial Services	Filled
Director Engineering Services	Filled
Director Community Services	Filled
Acting Director Strategic Planning and LED	Filled

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The current workforce is at 175 employees

The municipality has developed policies that councillors were work shopped and adopted. The process is incomplete.

Page No	Policies	Date adopted by Council or Comment on Failure to adopt	Council Resolution
1.	Recruitment and Selection Policy	19/05/2010	C099/2009-2010 <i>(consultation processes conducted for review)</i>
2.	Skills Development Policy	25/07/2006	A133/2006 <i>(consultation processes conducted for review)</i>
3.	Experiential Training Policy	17/08/2010	C001/2010-2011 <i>(consultation processes conducted for review)</i>
4.	Overtime Management Policy	29/11/2007	A294/2007 <i>(consultation processes conducted for review)</i>
5.	Travelling and Subsistence Allowance Policy	31/05/2013	C161/2012-2013
6.	Affirmative Action/Employment Equity		Update
7.	Staff Retention policy (draft)		Update
8.	Job Evaluation		Update
9.	Leave		Update
10.	Code of Conduct for Employees		
11.	Petty Cash Policy		
12.	Budget Policy		
13.	Indigent Policy		
14.	Tariff Policy		
15.	Funding and Reserve Policy		
16.	Cash and Investment Policy		
17.	Rates Policy		
18.	Supply Chain Management Policy		
19.	Subsistence and Travelling Policy		
20.	Assets Management Policy		

31/05/2016

21.	Bad Debt Written Off Policy		
22.	Credit Control and Debt Collection Policy		
23.	Community Safety Forum Policy	04/09/2012	C063/2012-2013
24.	Provincial Liquor Policy	31/01/2012	C124/2011-2012
25.	Community Bursary Policy and Recommended Beneficiaries	29/02/2012	C149/2011-2012
26.	Policy on Disposal of Immovable Council Assets	27/02/2013	C128/2012-2013
27.	Draft IT Security Policy for Ventersdorp LM	13/06/2013	C166/2012-2013
28.	Proposed Integrated Solid Waste Management Policy	13/06/2013	C168/2012-2013
29.	Draft Public Participation Policy	24/04/2012	C178/2011-2012
30.	Draft Youth Development Policy	26/06/2012	C241/2011-2012
31.			
32.	Acting Allowance Policy (draft)		(consultation processes conducted for review)
33.	Employee health and wellness (draft)		Not adopted
34.	Delegations, Authorisation and Responsibility		Update
35.	Risk Management Policy		Update
36.	Performance Management Policy Framework	31/05/2016	
37.	Anti-Corruption Strategy		Update

4.3 INJURIES, SICKNESS AND SUSPENSIONS

NUMBER OF DAYS AND COST OF INJURIES ON DUTY				
Type of injury	Injury leave taken	Employees using injury leave	Proportion employees sick leave using	Average injury leave per employee Days
Required basic medical attention only	14	1	0.61%	14
Temporary total disablement	9	1	0.61%	9
Permanent disablement	0	0	0%	0
Fatal	0	0	0%	0
Total	23	0	0%	23

NUMBER OF DAYS OF SICK LEAVE (EXCLUDING INJURIES ON DUTY)								
Job Level	Salary Band	Total Number of Sick Leave Days Per Post Level	Portion of Sick Leave without Medical Certificate	Number of No Sick Notes Received	Number of Employees using Sick Leave	Total Employees in Post	Average Days sick leave per employee	Estimated Cost
		DAYS	%	DAYS	NO	NO	DAYS	R'000
	MM/S56 Managers	37	11%	4	3	6	12	22
1	Senior Management	80	30%	24	5	5	16	164
2		12	8%	1	1	1	12	
3		37	22%	8	5	7	7	358
4	Highly Skilled Supervision	63	16%	10	4	6	16	
5		212	27%	57	19	25	11	
6		73	15%	11	8	16	9	300
7	Highly Skilled production	62	5%	3	5	9	12	
8		191	12%	22	12	22	16	
9		141	6%	9	8	16	18	160
10	Skilled	37	14%	5	6	7	6	
11		49	22%	11	5	10	10	
12		17	6%	1	1	2	17	
13		0	0%	0	0	0	0	
14		0	0%	0	0	0	0	
15		0	0%	0	0	0	0	331
16	Lower Skilled	280	18%	50	32	5	9	
17		0	0%	0	0	0	0	
18		0	0%	0	0	0	0	
19		0	0%	0	0	0	0	
Total		1291	17%	216	114	183	11	1335

NUMBER AND PERIOD OF SUSPENSIONS				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or status of Case and Reasons why not finalised	Date Finalized
Driver	Criminal Offence	-	Case still pending	-
Municipal Manager	Authorisation for services that was not rendered	2014/10/03	Case still pending	2015/11/22
Cashier	Theft/Fraud	03/02/2014 to 08/04/2014 (Suspension lifted) 06/05/2014-06/05/2015	Finalised	06/05/2015
Creditors Clerk	Theft/Fraud	03/02/2014 to 08/04/2014 (Suspension lifted) 17/04/2014 – 06/05/2015	Finalised	06/05/2015

DISCIPLINARY ACTION TAKEN ON CASE OF FINANCIAL MISCONDUCT

The officials have been subjected to disciplinary action relating to alleged financial misconduct (R3.8m).

4.4. PERFORMANCE REWARDS

PERFORMANCE REWARDS BY GENDER

In accordance with regulation 32, a performance bonus, based on affordability may be paid to employee, after:-

1. The annual report for the financial year under review has been tabled and adopted by the municipal council;
2. An evaluation of performance in accordance with the provision of regulation 23; and
3. Approval of such evaluation by the municipal council as a reward for outstanding performance.

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance.

No performance bonus was awarded to Section 57 due to Council resolution taken in 2008 and quarterly assessment not being performed.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Ventersdorp Local Municipality has a Skills Development policy that is approved to ensure that all employees are capacitated and empowered with the necessary information on training and development, which provides all incumbents access to relevant, prioritised training interventions that are needs-driven and are aligned to business objectives by optimally developing the potential of employee.

The municipality in compliance with the MSA and MFMA has also approved the Supply Chain Management Policy which outlines all procedure to be followed in implementing the Human Resources capacity to a level that enables them to perform their functions and exercises their power in an economical, effective, efficient and accountable way.

The improvements are to be made to ensure all training needs are aligned with the operational objectives of the municipality. Comprehensive approach in addressing the skills gaps, identified to ensure all employees are competent to perform their functions and are able to exercise their powers in an economical, effective, efficient and accountable way.

4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX														
Management Level	Gender	No of Employees in post as at 30 June 2015	Number of skilled employees required and actual as at 30 June 2016											
			Learner ship			Skills programmes & other short courses			Other forms of training			Total		
			Actual end of 2015/16	Actual end of 2016/17	2016/17 Target	Actual end of 2015/16	Actual end of 2015/16	2016/17 Target	Actual End of 2015/16	Actual end of 2016/17	2016/17 Target	Actual end of 2015/16	Actual end of 2016/17	2016/17 Target
MM and S56	Male	5	0	0	4	1	0	4	0	0	4	2	0	4
	Female	1	0	0	1	0	0	1	0	0	1	0	0	1
Councill	Male	11	0	0	11	2	0	11	0	0	6	8	0	6

ors, senior officials and managers	Female	10	0	0	10	6	0	10	0	0	4	4	0	4
Technicians and associate professionals	Male	3	0	0	3	3	0	3	2	0	3	3	0	3
	Female	1	0	0	1	1	0	1	0	0	1	1	0	1
professionals	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	Male	16	0	0	18	6	0	18	2	0	18	13	0	0
	Female	11	0	0	12	7	0	12	0	0	12	5	0	0
Total		27	0	0	30	13	0	30	2	0	30	18	0	0
Registered with professional associates body e.g. CA (SA)														

FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT						
Description	A Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Official						
Accounting Officer	1	-	1	0	1	1
CFO	1	-	1	0	1	-
Senior Managers	3	-	3	0	1	1
Any other Financial officials	18	-	18	0	0	4
Supply Chain Management Officials						
Head SCM	1	-	1	0	0	1
SCM Senior Manager	2	-	2	0	0	2
	-	-	-	-	-	-
TOTAL	26	-	26	0	0	9
<i>This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations June 2007</i>						

SKILLS DEVELOPMENT EXPENDITURE										
Management Level	Gender	Employees as at 1 June 2015 No.	Original Budget and Actual Expenditure on Skills development 2015/2016							
			Learner ship							
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and Directors	Male	1	0	0	4	1	0		-	-
	Female	0	0	0	1		0		-	-
Senior Officials and Managers	Male	1	0	0	10		0	1	-	-
	Female	1	0	0	10		0	1	-	-
Professionals	Male	2	0	0	10		0	1	-	-
	Female	2	0	0	10	2	0	0	-	-
Technicians and associate professionals	Male	3	0	0	5	1	0	2	-	-
	Female	1	0	0			0	1	-	-
Clerks	Male	3	0	0	10		0	3	-	-
	Female	7	0	0	30		0	7	-	-
Service and Sales Workers	Male	1	0	0	5		0	1	-	-
	Female	2	0	0	5	1	0	1	-	-
Plant and Machine	Male	2	0	0	5		0	0	-	-

operators and assemblers	Female	0	0	0	0	0	0	-	-
Elementary occupations	Male	9	0	0	30	5	0	4	-
	Female	5	0	0	10	5	0	0	-
Subtotal	Male	22	0	0	79	0	12	-	-
	Female	18	0	0	71	0	10	-	-
Total		41	0	0	150	15	0	22	-
"R value of municipal salaries (original budget) allocated for workplace skills plan."									

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

UPGRADED POSTS

Number of employees whose salaries were increased due to their positions being upgraded	None
Employees whose salary levels exceed the grade determined by job evaluation	None
Employees appointed to posts not approved	Two

DISCLOSURES OF FINANCIAL INTERESTS

In terms of the requirements of PMS Regulations, 805 of 2006 disclosures are made by officials and councillors concerning their financial interests. See Appendix J.

COMPONENT E: OVERSIGHT REPORTING

4.7 STAFF ESTABLISHMENT

STAFF ESTABLISHMENT	
Does Ventersdorp have an approved staff establishment?	Yes, It was approved in terms of Council resolution: ITEM: C033/2011-2012 dated 12 July 2011
Does the staff established provided for permanent or fixed posts?	Yes, The staff establishment provides for fixed posts for the positions of the Municipal Manager and Manager directly accountable to the Municipal Manager and permanent posts for all other employees.
If yes, provide details of the approved senior manager posts (permanent and fixed posts).	Municipal Manager Director Corporate Services Director Financial Services Director Engineering Services Director Community Services Director Strategic Planning and LED
Was the staff establishment consulted with the MEC before approval by Council?	No
If no, provide reasons	The Municipal Systems Amendment Act, 7 of 2011, stipulates that the posts provided for on the organogram must be approved by the Municipal Council.
Were the recommendations of the MEC incorporated into the approved structure?	N/A
If no, provide reasons.	N/A

4.8. APPOINTMENT OF SENIOR MANAGERS

APPOINTMENT OF MUNICIPAL MANAGER AND SENIOR MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER							
Post Title	Annual Salary	Term of Employment		Highest Qualifications	Was the senior manager subjected to competence assessment ?	Does the senior manager hold political office?	Does the senior manager have a misconduct / criminal record?
		From	To				
Municipal Manager	1 083 395.34	03/11/2011	02/11/2016	BA & Masters Honours in Development and Management	No	No	No

Director Finance	912 265 01	01/01/2013	31/12/2018	B Com Degree	No	No	No
Director community services	912 265 01	10/12/2013	09/12/2017	B.A. Ed, BA Honours, Diploma in Educational Management, E.Ed. Hons, Ace Programme Diploma in Values & Human Rights in Education, N4, M.A, BA Hons (Governance and Management.	No	No	No
Director Engineering Services	912 265 01	06/04/2014	05/04/2018	National Diploma in Surveying	No	No	No
Director Strategic Planning and LE	912 265 01	09/07/2012	08/07/2017	Degree in Bachelor of Science	No	No	No
Director Corporate Service	912 265 01	01/08/2012	31/07/2017	Degree in Bachelor of Science	No	No	No

4.9 EMPLOYMENT CONTRACTS

EMPLOYMENT CONTRACTS FOR MUNICIPAL MANAGER AND SENIOR MANAGER DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER		
Post Title	Has the senior manager signed the employment contract with the municipality before commencement of duty	Has the contract been submitted to the MEC within the prescribed timeframe?
Municipal Manager	No (19/12/2011) resigned	No
Director Finance	No (01/08/2012)	No
Director community services	No (31/01/2013)	No
Director Engineering Services	No (30/04/2014)	No
Director Strategic Planning and LE	No (10/12/2013)	No
Director Corporate Service	No (09/07/2012) resigned	No

4.10 PERFORMANCE AGREEMENTS

STAFF ESTABLISHMENT (SECTION 56 EMPLOYEE)					
Post Title	Has the senior manager concluded a performance agreement with the municipality within the stipulated timeframe?	Has the performance agreement been submitted to the MEC within the prescribed timeframe?	Is the performance agreement aligned to the SDBIP of the municipality?	Is the SDBIP aligned to the IDP of the municipality?	Did the senior manager receive a performance bonus for the previous year?
Acting Municipal Manager	31 July 2015	Yes	Yes	Yes	No, the performance bonus has been cancelled as per Council during 2008
Director Finance	31 July 2015	Yes	Yes	Yes	
Director community services	31 July 2015	Yes	Yes	Yes	
Director Engineering Services	31 July 2015	Yes	Yes	Yes	
Director Strategic Planning and LED	31 July 2015	Yes	Yes	Yes	
Director Corporate Service	31 July 2015	Yes	Yes	Yes	

COMMENT ON PERFORMANCE

No performance bonus was awarded to Managers due to the Council Resolution taken in 2008 for the cancellation of performance bonuses awarded to the Section 56 Managers.

4.11 MINIMUM COMPETENCY REQUIREMENTS

MINIMUM COMPETENCY LEVELS FOR THE MUNICIPAL MANAGER AND THE DIRECTOR FINANCIAL SERVICES					
DESCRIPTION	REQUIREMENTS		DESCRIPTION	REQUIREMENTS	DIRECTOR FINANCIAL SERVICES: MI MORUTI
Higher Education Qualification	At least NQF Level 6 or Certificate in Municipal Financial Management		Highest Education Qualification	At least NQF Level 6 in fields of Accounting, Finance or Economics or Certificate in Municipal Financial Management	B.Com Degree
Work Related Experience	Minimum 5 years at Senior Management	✓	Work Related Experience	Minimum 5 years at Senior Management Level	✓

	Level				
Leading and Core Competencies	As described in the Local Government Competency Framework for Senior Managers, 17 January 2014		Leading and Core Competencies	As described in the Local Government Competency Framework for Senior Managers, 17 January 2014	
Financial and Supply Chain Management Competency Areas:- <ul style="list-style-type: none"> - Strategic Leadership and Management - Strategic Financial Management - Operational Financial Management - Governance, Ethics and Values in Financial Management - Financial and Performance Reporting - Risk and Change Management - Legislation, Policy and Implementation - Stakeholder Relations - Supply Chain Management - Audit and Assurance 	Required Minimum Competency Level in Unit Standard	✓	Financial and Supply Chain Management Competency Areas:- <ul style="list-style-type: none"> - Strategic Leadership and Management - Strategic Financial Management - Operational Financial Management - Governance, Ethics and Values in Financial Management - Financial and Performance Reporting - Risk and Change Management - Legislation, Policy and Implementation - Stakeholder Relations - Supply Chain Management - Audit and Assurance 	Required Minimum Competency Level in Unit Standard	MFMP in process
MINIMUM COMPETENCY LEVELS FOR SENIOR MANAGERS					
DESCRIPTION	REQUIREMENTS	DIRECTOR CORPORATE SERVICES: LD MCAMENI	DIRECTOR COMMUNITY SERVICES	DIRECTOR STRATEGIC PLANNING AND LED	DIRECTOR ENGINEERING SERVICES
Higher Education Qualification	At least NQF level 6 in a field related to the Senior Management position or Certificate in Municipal Financial Management	Degree in Bachelor of Science	Masters in Education B.A. Hons. (Governance and Management)	Degree in Bachelor of Science	National Diploma in Surveying
Work Related Experience	Minimum of 5 years in middle management level	✓	✓	✓	✓
Leading and Core Competencies	As described in the Local Government Competency Framework for Senior Manager, 17 January 2014				
Financial and Supply Chain Management Competency Areas:- <ul style="list-style-type: none"> - Strategic Leadership and Management - Strategic Financial Management - Operational Financial Management - Governance, Ethics and Values in Financial Management - Financial and Performance Reporting - Risk and Change Management - Legislation, Policy and Implementation - Stakeholder Relations - Supply Chain Management - Audit and Assurance 	Required Minimum Competency Level Unit Standard		✓		

chapter 5



Chapter 5

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

INTRODUCTION OF FINANCIAL STATEMENT

Statement of Revenue Collection Performance by vote and by source is included at Appendix

5.1 STATEMENT OF FINANCIAL PERFORMANCE

FINANCIAL SUMMARY				
Description	2014/2015	Original	2015/2016	
	Actual		Adjusted Budget	Actual
Property rates	5 458 424	9 707 550	14 948 450	11 826 368
Service charges	43 859 228	63 872 890	55 271 315	57 335 126
Rental of Facilities	100 542	77 000	115 070	76 056
Licenses Fees Permits	2 629 818	1 587 720	325 000	1 650 858
Fines	5 817 636	5 533 560	4 533 560	41 254 378
Investment Revenue	687 060	628 600	670 000	709 602
Grant Income	96 438 072	69 404 000	70 084 000	107 979 949
Other Own Revenue	506 519	558 120	752 870	919 190
Total Revenue (Excluding Capital Transfers)	155 497 299	151 407 510	146 700 265	221 765 651
Employee costs	36 320 558	(43 859 930)	(47 130 900)	(49 411 833)
Remuneration of Councillors	3 176 616	(3 714 496)	(3 714 496)	(3 404 060)
Debt impairment	2 171 039	(3 000 000)	(18 000 000)	(50 560 055)
Depreciation and asset impairment	27 561 452	(8 000 000)	(27 000 000)	(42 246 743)
Finance charges	3 259 451	(1 181 930)	(80 000)	(8 210 454)
Materials and Bulk Purchases	39 497 322	(57 799 380)	(58 325 110)	(51 408 436)
Contracted Services	5 199 959	(7 810 820)	(8 302 230)	(13 772 879)
General Expenses	36 174 564	(20 703 740)	(21 612 500)	(22 265 172)
Total Expenditure	152 278 099	(146 070 296)	(184 165 236)	(241 279 633)
Surplus (Deficit)	3 219 199	4 900 214	(37 464 971)	(47 032 819)
Capital Expenditure	35 483 000	26 300 000	44 356 000	27 518 837
Transfers Recognised – Capital	35 483 000	26 300 000	44 356 000	27 518 837
Public Contributions & donations	0	0	0	
Borrowing	0	0	0	
Internally Generated funds	0	0	0	
Total Sources of Capital funds	35 483 000	26 300 000	44 356 000	27 518 837
Total Current Assets	90 020 817	77 863 000	78 434 000	80 639 305
Total Non-Current Assets	527 273 258	325 592 000	405 920 000	681 685 194
Total Current Liabilities	104 245 290	59 163 000	61 791 000	132 928 642
Total Non-Current Liabilities	9 265 241	4 000 000	4 000 000	18 892 619
Community Wealth / Equity	503 783 544	340 282 000	418 563 000	610 503 237
Net Cash from (used) Operating	127 757 760	(6 500 330)	(6 500 330)	54 223 241
Net Cash from (used) Investing	(127 123 105)	4 950 000	4 950 000	(50 168 526)
Net Cash from (used) Financing	(133 922)	0	0	(207 888)
Cash Backing/Surplus reconciliation				
Cash and Investments Available	9 285 767	1 000 000	(13 450 000)	42 759
Application of Cash and Investments				
Balance – surplus (shortfall)				
Asset Register Summary	482 676 937	286 041 000	286 312 000	476 650 115

Depreciation & asset impairment	27 561 452	8 000 000	3 000 000	26 040 335
Renewal of existing assets	0	0	0	0
Free services				
Cost of Free Basic Service provided				
Water	375 035	136 620	136 620	
Sewerage	1 229 497	2 178 000	2 178 000	
Electricity	1 396 200	7 000 000	7 000 000	4 808 649
Refuse	696 010	1 782 000	1 782 000	

FINANCIAL SUMMARY				
Description	2014/2015		2015/2016	
	Actual	Original	Adjusted Budget	Actual
Property rates	5 458 424	9 707 550	14 948 450	11 826 368
Service charges	43 859 228	63 872 890	55 271 315	57 335 126
Rental of Facilities	100 542	77 000	115 070	76 056
Licenses Fees Permits	2 629 818	1 587 720	325 000	1 650 858
Fines	5 817 636	5 533 560	4 533 560	41 254 378
Investment revenue	687 060	628 600	670 000	709 602
Grant income	96 438 072	69 404 000	70 084 000	107 979 949
Other own revenue	506 519	558 120	752 870	919 190
Total revenue (Excluding capital transfers and contributions)	155 497 299	151 407 510	146 700 265	221 765 651
Employee costs	(36 320 558)	(43 859 930)	(47 130 900)	(49 411 833)
Remuneration of Councillors	(3 176 616)	(3 714 496)	(3 714 496)	(3 404 060)
Debt impairment	(2 171 039)	(3 000 000)	(18 000 000)	(50 560 055)
Depreciation and asset impairment	(1 082 862)	(8 000 000)	(27 000 000)	(42 246 743)
Finance charges	(3 259 451)	(1 181 930)	(80 000)	(8 210 454)
Materials and bulk purchases	(34 389 634)	(57 799 380)	(58 325 110)	(51 408 436)
Contracted Services	(5 199 959)	(7 810 820)	(8 302 230)	(13 772 879)
General Expenses	(36 174 564)	(20 703 740)	(21 612 500)	(22 265 172)
Total Expenditure	(152 278 099)	(146 070 296)	(184 165 236)	(241 279 633)
Surplus (Deficit)				
Capital expenditure & funds Sources				
Capital Expenditure	35 483 000	26 300 000	44 356 000	27 518 837
Transfers recognised – Capital	35 483 000	26 300 000	44 356 000	27 518 837
Public Contributions & donations	0	0	0	
Borrowing	0	0	0	
Internally generated funds	0	0	0	
Total Sources of Capital funds	35 483 000	26 300 000	44 356 000	27 518 837

5.2 GRANTS

GRANT PERFORMANCE				
Description	2014/2015	2015/2016		
	Actual	budget	Adjustment Budget	Actual
Operating Transfers and Grants				
National Government				
Equitable share	54 925 000	63 366 000	63 366 000	63 366 000
Municipal Systems Improvement	178 710	930 000	930 000	930 000
Finance Management Grant	936 318	1 875 000	1 875 000	1 875 000
EPWP	826 105	1 792 000	1 792 000	1 821 183
Housing				
Ambulance Subsidy				

Sports and Recreation	171 385	320 000	1 000 000	871 680
MIG/INEP	23 874 312	26 300 000	44 356 000	17 768 814
District Municipality	2 189 824			10 912 236
DWA/PIG	4 195 183			9 750 023
Total Operating Transfers & Grants		94 583 000	113 319 000	107 294 936
*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes				
Operating transfers and grants				
National Government				
Equitable share	54 925 000	63 366 000	63 366 000	63 366 000
Municipal Systems Improvement	178 710	930 000	930 000	930 000
Finance Management Grant	936 318	1 875 000	1 875 000	1 875 000
EPWP	826 105	1 792 000	1 792 000	1 821 183
Housing				
Ambulance subsidy				
Sports and recreation	171 385	320 000	1 000 000	871 680
Other transfers/grants	20 541 816	26 300 000	44 356 000	27 518 837
District municipality	534 412			10 912 236
Other grant providers	4 195 183			
Total operating transfers & Grants		94 583 000	113 319 000	107 294 936
*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes				

GRANT RECEIVED FROM SOURCES OTHER THAN DIVISION OF REVENUE ACT (DORA)							R'000
Details of Donor	Actual Grant 2014/2015	Actual Grant 2015/2016	2015/2016 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind	
Provincial Government							
A – Fire Grant			-				
District Municipality			-				

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The Ventersdorp Local Municipality do not have the Largest Assets.

REPAIR AND MAINTENANCE EXPENDITURE: 2015/2016					R'000
Detail	Original Budget	Adjustment Budget	Actual	Budget Variance	
Repairs and Maintenance Expenditure	8 285	8 737	7 630	655	

5.4 FINANCIAL RATIO BASED ON KEY PERFORMANCE INDICATORS

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

R MILLION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	UN-AUDITED FULL YEAR TOTAL	ORIGINAL BUDGET VARIANCE	ADJUSTED BUDGET VARIANCE
Capital Expenditure					
Furniture & Office Equipment	-	500 000	80 598	500 000	500 000
Water and Sanitation			2 801 253	(2 801 253)	(2 801 253)
Electricity	8 000 000	14 820 000	5 665 489	(4 865 489)	(9 154 511)
Housing					

Roads	7 188 800	10 328 800	7 948 896	760 096	(2 379 904)
Bridges and Storm-water					
Sports Facilities and Community Hall	13 620 000	17 820 000	9 962 212	(3 657 788)	(7 857 788)
Total Expenditure	28 808 800	36 648 800	26 377 851		
External Loans					
Internally Generated Funds		500 000		500 000	500 000
Grants and Subsidies	28 808 800	36 148 800	36 148 800	7 340 000	7 340 000
Total	28 808 800	36 648 800	36 648 800	7 840 000	7 840 000

5.6 SOURCE OF FINANCE

CAPITAL EXPENDITURE – FUNDING SOURCE 2014/2015 TO 2015/2016						
Details	2014/2015	2015/2016				
	Actual	Original Budget	Adjustment Budget	Actual	Adjustment to Original Budget	Actual to OB Variance
Source of finance						
Grants and subsidies	26 377 851	26 300 000	44 356 000	27 518 837	61.18	4.43
Other	-	-	-	-	-	-
Total	26 377 851	26 300 000	44 356 000	27 518 837	61.18	10.97

5.7 CAPITAL SPENDING ON LARGEST PROJECTS

CAPITAL EXPENDITURE OF LARGEST PROJECTS						R'000
Name of Project	Current: 2015/2016			Variance: 2015/2016		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment Variance (%)	

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE

SERVICE BACKLOGS AS AT 30 JUNE 2016				
Services	Service level above minimum standard		Service level below minimum standard	
	No HHs	% HHs	No HHs	% HHs
Water	8518		5928	41%
Sanitation	10784		3662	25.3%
Electricity	7808		6638	15%
Waste Management	8407		6039	41.8%
Housing				

% HHs is the service above/below minimum standard as a proportion of total HHs. Housing refers to formal and informal settlement

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENT

5.9 CASH FLOW

CASH FLOW OUTCOMES					R'000
Description	2014/2015	2015/2016			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	50 158 000	50 158 000	57 018 000	100 471 746	
Government –operating	67 963 000	95 383 000	96 384 000	93 161 830	
Government – capital	27 420 000				
Interest	629 000	628 000	668 600	709 602	
Dividends					
		146 169 000	154 070 600	194 343 178	

Payments				
Employee Costs & Suppliers	(151 488 000)	(150 652 640)	(149 976 500)	(130 157 365)
Finance charges	(1 182 000)	(1 181 930)	(79 930)	(7 758 217)
Transfers and Grants		(835 360)	(1 511 000)	(2 204 354)
	(152 670 000)	(152 669 930)	(151 567 430)	(140 119 936)
Total receipts	146 170 000	146 169 000	154 070 600	194 343 178
Total payments	(152 670 000)	(152 669 930)	(151 567 430)	(140 119 936)
NET CASH FROM / (USED) OPERATING ACTIVITIES	(6 500 000)	(6 500 330)	2 502 670	54 223 242
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors		32 370 000	32 370 000	-
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investment				(3 610)
Payments				
Capital Assets	(108 060 351)	(27 420 000)	(27 420 000)	(50 168 526)
Purchase Investment property	(18 962 865)	-	-	-
Purchase of other intangible assets	(99 889)	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(127 123 105)	(4 950 000)	(4 950 000)	(50 172 136)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short-term loans				
Borrowing long-term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	(2 059 692)	-	-	(207 888)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 059 692)	-	-	(207 888)
NET INCREASE/(DECREASE) IN CASH HELD				
Net increase / (decrease) in cash and cash equivalents	(1 425 037)	1 550 330	7 452 670	(3 846 828)
Cash/cash equivalents at the year begin:	10 710 804	1 000 000	8 000 000	42759
Cash and cash equivalents at the end of the year	9 285 767	(550 330)	15 452 670	3 889 586

5.10 BORROWING AND INVESTMENT

INTRODUCTION TO BORROWING AND INVESTMENTS

ACTUAL BORROWING: 2013/2014 TO 2015/2016			
Instrument	2013/2014	2014/2015	2015/2016
Municipality			
Long-Term Loans (annuity/reducing balance)	545 551	-	
Municipality Total			

MUNICIPAL INVESTMENTS			
Investment type	2013/2014	2014/2015	2015/2016
	Actual	Actual	Actual
Deposit – Bank	9 285 767	42 759	3 205
Guaranteed Endowment Policies (sinking)	0	-	-
Other	0	-	-
Municipality Total	9 285 767	42 759	3 205

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

Council does not have any Public Private Partnerships

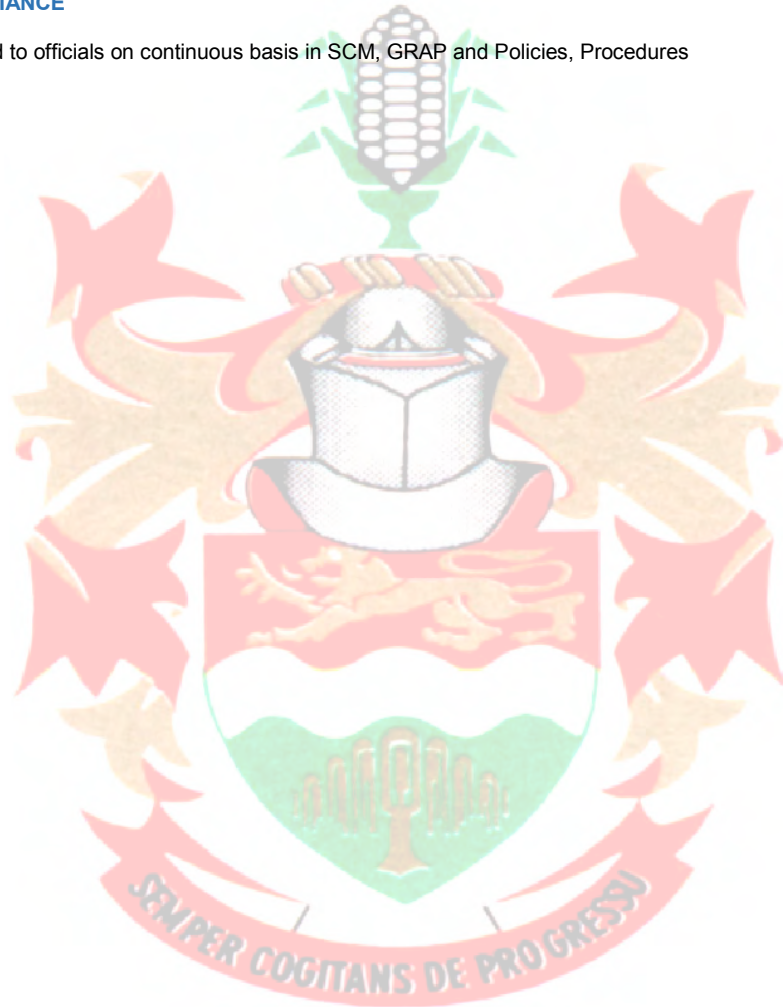
5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Supply Chain Management aims to support the strategic decision-making of the municipality, thereby ensuring effective and efficient service delivery to its internal and external clients and it also aim to ensure that purchasing and procurement of goods and services are done according to the prescribed legislation. 2 SCM process workshops were conducted during the 2014/2015.

5.13 GRAP COMPLIANCE

Training was provided to officials on continuous basis in SCM, GRAP and Policies, Procedures



chapter 6



CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/2015

COMMENT ON AUDITOR-GENERAL'S OPINION ON FINANCIAL PERFORMANCE 2014/2015

The Ventersdorp Local Municipality developed the Audit Action Plan but did not adhere to the response or report on corrective actions raised on the 2014/2015 AG's report due to the following:-

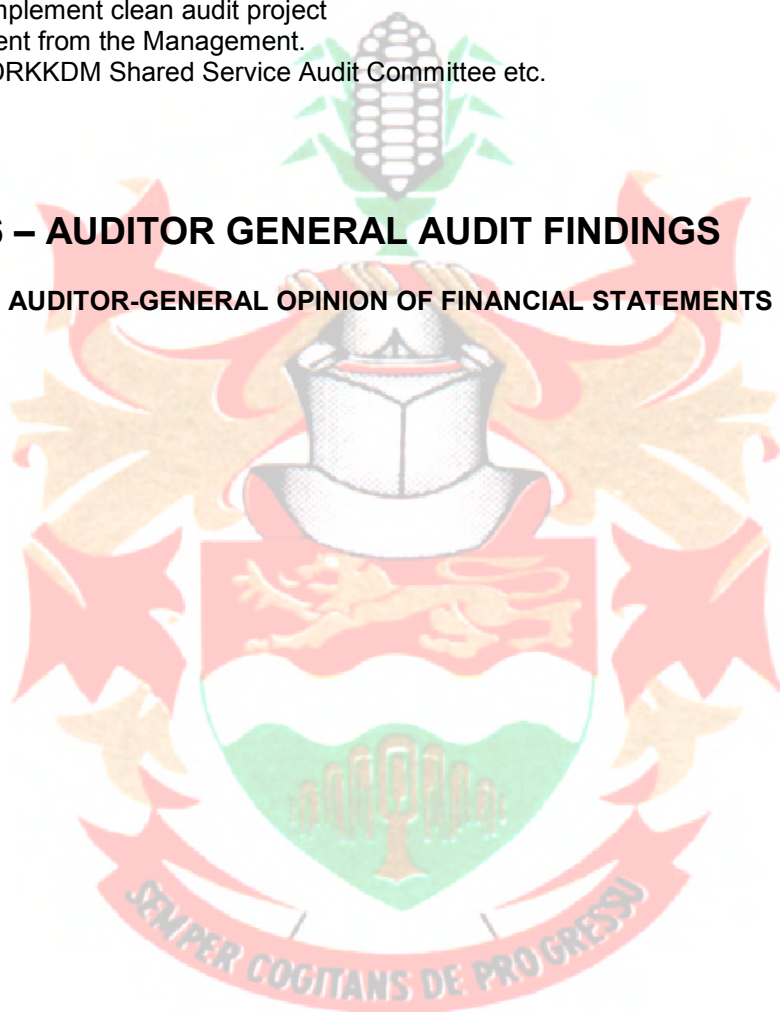
Lack of skills to implement clean audit project

Lack of commitment from the Management.

No Reporting to DRKKDM Shared Service Audit Committee etc.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2015/2016





AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the North West provincial legislature and the council on the Ventersdorp Local Municipality

Report on the financial statements

Introduction

1. I was engaged to audit the financial statements of the Ventersdorp Local Municipality set out on pages 135 to 259, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Preparation of the financial statements

4. I was unable to obtain sufficient appropriate audit evidence that the accounting officer has fulfilled her responsibility for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP, as written representations in this respect were not provided. I was also unable to obtain written representations from the accounting



officer that I had been provided with all relevant information and access as agreed in terms of the audit engagement and that all transactions had been recorded and were reflected in the financial statements. I could not determine the effect of the lack of such representations on the financial position of the municipality at 30 June 2016 or the financial performance and cash flows for the year then ended.

Property, plant and equipment

5. I was unable to obtain sufficient appropriate audit evidence that all property, plant and equipment was recognised as required by GRAP 17 *Property, plant and equipment* as reasonable explanations for properties registered in the name of the municipality not included in the fixed asset register was not available. I was unable to quantify the full extent of the misstatement on property, plant and equipment, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment of R650 989 448 (2015: R643 071 274) disclosed in note 8 to the financial statements, was necessary.

Investment property

6. I was unable to obtain sufficient appropriate audit evidence that all investment property was recognised as required by GRAP 16 *Investment property* as reasonable explanations for properties registered in the name of the municipality not included in the investment property register was not available. I was unable to quantify the full extent of the misstatement in investment property, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments relating to investment property of R29 579 775 (2015: R29 579 775) disclosed in note 10 to the financial statements, was necessary.

Receivable from exchange transactions

7. During 2015, I was unable to obtain sufficient appropriate audit evidence regarding receivables from exchange transactions due to the status of the accounting records. I was unable to determine whether any adjustments to receivables from exchange transactions of R15 353 373, disclosed in note 3 to the financial statements, were necessary. My audit opinion on the financial statements for the period ended 30 June 2015 was modified accordingly. I was still unable to confirm the receivables from exchange transactions by alternative means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

VAT receivable

8. I was unable to obtain sufficient appropriate audit evidence for the VAT receivable due to status of the accounting records. I was unable to confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustments relating to the VAT receivable of R5 820 555 disclosed in note 5 to the financial statements, were necessary.

Revenue

9. The municipality did not recognise revenue in accordance with GRAP 9 *Revenue from exchange transactions*. Incorrect billings and incorrect meter readings were used to



calculate revenue from exchange transactions. I was unable to determine the full extent of the understatement of revenue and receivables from exchange transactions in the financial statements due to the status of the accounting records. Consequently, I was unable to determine whether any adjustments relating to revenue from services charges of R57 335 126 (2015: R44 206 518) or receivables from exchange transactions of R15 024 475 (2015: R15 353 373) in the financial statements were necessary.

10. I was unable to obtain sufficient appropriate audit evidence for property rates due to unexplained differences identified between the valuation roll and the billing system. I was unable to confirm the property rates by alternative means. In addition, the property valuations disclosed in note 22 to the financial statements does not agree to the approved valuation roll. Consequently, I was unable to determine whether any adjustments relating to revenue from property rates of R11 826 368 (2015: R10 398 205) or receivables from non-exchange transactions of R18 680 946 (2015: R50 467 519) in the financial statements were necessary.
11. The municipality did not recognise all revenue transactions in accordance with GRAP 23 *Revenue from non-exchange transactions*. Manual traffic fines of R1 129 699 and transfers received of R2 480 723 were not recorded in the accounting records. Consequently, revenue from non-exchange transactions is understated by R3 610 422.

Accumulated surplus

12. I was unable to obtain sufficient appropriate audit evidence for adjustments made to the accumulated surplus in the current and previous years due to the status of the accounting records and I could not confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustment to the accumulated surplus of R590 989 256 (2015: R610 503 237) in the financial statements was necessary. Furthermore, I was unable to determine the effect of this limitation on the other account balances and classes of transactions contained in the financial statements.

Contingent liabilities and assets

13. The municipality did not disclose all contingent liabilities correctly as required by GRAP 19 *Provisions, contingent liabilities and contingent assets*. As a result, contingent liabilities as disclosed in note 54 to the financial statements are understated by R59 509 660 (2015: R57 546 987).
14. The municipality did not disclose all contingent assets correctly as required by GRAP 19 *Provisions, contingent liabilities and contingent assets*. As a result, contingent assets as disclosed in note 55 to the financial statements are understated by R15 000 000.

Unauthorised expenditure

15. I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of unauthorised expenditure, due to status of the accounting records. I was unable to confirm the opening balance by alternative means. In addition, the municipality incorrectly calculated unauthorised expenditure in the current year by netting off savings from different votes against each other resulting in current year unauthorised expenditure being understated by R9 471 482. Consequently, I was unable to determine whether any further adjustment relating to unauthorised expenditure of R197 715 086 (2015: R135 988 684) disclosed in note 48.1 to the financial statements, was necessary.



Irregular expenditure

16. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R45 772 610 (2015: R12 123 307) in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. Additionally, during 2015, I was unable to obtain sufficient appropriate audit evidence for amounts disclosed as irregular expenditure as contracts and bid documents were not submitted for audit. I was still unable to confirm this irregular expenditure in the current year. Consequently, I was unable to determine if any further adjustment to irregular expenditure of R137 471 323 (2015: R117 980 779) disclosed in note 48.3 to the financial statements was necessary.

Related party transactions

17. The municipality did not disclose the administrator appointed by COGTA as key management personnel in the note 53 to the financial statements, as required by GRAP 20 *Related party disclosures*.

Capital commitments

18. During 2015, I was unable to obtain sufficient appropriate audit evidence for commitments disclosed as the municipality did not maintain adequate systems or records of commitments. I was unable to determine whether any adjustment to commitments of R13 774 341 was necessary. My audit opinion on the financial statements for the period ended 30 June 2015 was modified accordingly. Alternative procedures in the current year indicates that commitments for the prior year are overstated by R 3 636 412. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Statement of comparison of budget and actual amounts

19. The municipality did not adhere to the budget presentation and disclosure requirements of GRAP 24 *Presentation of budget information in the financial statements*. The statement of comparison of budget and actual amounts do not disclose the explanations for material variances between actual and budgeted amounts as required.

Correction of error

20. The municipality did not disclose prior period errors corrected in note 43 to the financial statements as required by GRAP 3 *Accounting policies, estimates and errors*. The correction of error note did not disclose the nature, the amount of the correction and the amount of the correction at the beginning of the earliest prior period for all disclosure notes corrected. I was unable to determine the impact of the resultant omitted disclosure as it was impracticable to do so.

Distribution losses

21. I was unable to obtain sufficient appropriate audit evidence for bulk electricity and water distribution losses disclosed in the financial statements as required by section 125(2) (d)(i) of the MFMA. The extent of these distribution losses could not be confirmed by alternative means. Consequently, I was unable to determine whether any adjustments relating to the



disclosure of water distribution losses of R1 631 521 (2015: R1 992 870) and electricity distribution losses of R20 780 917 (2015: R8 902 249), as disclosed in note 49.8 to the financial statements, were necessary.

Disclaimer of opinion

22. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

Emphasis of matters

23. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Fruitless and wasteful expenditure

24. As disclosed in note 48.2 to the financial statements, fruitless and wasteful expenditure of R7 711 848 was incurred in the current year and fruitless and wasteful expenditure from the prior year of R41 821 494 had not been dealt with in accordance with section 32 of the MFMA.

Material impairment

25. As disclosed in note 34 to the financial statements, debtors impairment losses of R50 560 055 were realised, due to poor debtors collection practices.

Merger

26. As disclosed in note 42 to the financial statements, Ventersdorp Local Municipality and Tlokwe City Council merged into a combined new municipality from the 3rd of August 2016.

Additional matters

27. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

28. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Unaudited supplementary schedules

29. The supplementary information set out on pages 260 to 272 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements



30. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected key performance areas (KPA) presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

31. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2016:

- KPA 2: Service delivery and infrastructure development on pages 67 to 70.
- KPA 3: Local economic development and spatial rational on page 73.

32. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

33. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

34. The material findings in respect of the selected development priorities are as follows:

KPA 2: Service delivery and infrastructure development

Usefulness of reported performance information

35. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires the integrated development plan (IDP) to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 44% reported objectives, 29% of reported indicators and 35% of reported targets were not consistent with those in the approved IDP.

36. Section 54(1) (c) of the MFMA determines that the service delivery and budget implementation plan adopted by the municipal council may be amended only if the council approves an adjustments budget. Changes to the service delivery and budget implementation plan in the year have to be made in accordance with the process as prescribed per section 28 of the MFMA. Material changes were made to 25% of the objectives in the annual performance report, without adoption by the municipal council.

Reliability of reported performance information

37. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not reliable when compared to the source information or evidence provided.

KPA3: Local economic development and spatial rational

Usefulness of reported performance information

38. Section 41(c) of the MSA requires the IDP to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 75% reported objectives were not consistent with those in the approved IDP.
39. Section 54(1) (c) of the MFMA determines that the service delivery and budget implementation plan adopted by the municipal council may be amended only if the council approves an adjustments budget. Changes to the service delivery and budget implementation plan in the year have to be made in accordance with the process as prescribed per section 28 of the MFMA. Material changes were made to 100% of the objectives in the annual performance report, without adoption by the municipal council.
40. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 25% indicators were not well defined.

Reliability of reported performance information

41. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of 25% indicators were not reliable when compared to the evidence provided

Additional matter

42. I draw attention to the following matter:

Achievement of planned targets

43. Refer to the annual performance report on pages 67 to 70 and 73 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected key performance areas reported in paragraphs 35 to 41 of this report.

Compliance with legislation

44. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements, performance and annual report

45. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in

the financial statements receiving a disclaimer of audit opinion.

46. The 2014-15 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.
47. The 2014-15 annual report was not published for the local community to submit representations in connection with the annual report, as required by section 127(5)(a) of the MFMA.
48. The council failed to adopt an oversight report containing the council's comments on the annual report within the prescribed timelines, as required by section 129(1) of the MFMA.
49. The annual performance report for the year under review did not include the performance of Mavambo ITS, who is responsible for law enforcement and collection of traffic fines and measures taken to improve performance, as required by sections 46(1)(a) and (c) of the MSA.

Expenditure

50. Money owed by the municipality was not always paid within 30 days or an agreed period, as required by MFMA section 65(2) (e).
51. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.

Revenue management

52. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2) (f) of the MFMA.

Asset management

53. An effective system of internal control for assets was not in place, as required by section 63(2) (c) of the MFMA.

Procurement and contract management

54. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulations 17(a) and (c).
55. Invitations for competitive bidding were not always advertised for a required minimum period of days, in contravention of SCM regulations 22(1) and (2).
56. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations.
57. The preference point system was not applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act (PPPFA) and SCM regulation 28(1) (a).
58. Contracts were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the PPPFA and its regulations.
59. Contracts were awarded to bidders that did not score the highest points in the evaluation process, in contravention of section 2(1) (f) of the PPPFA.
60. Contracts were awarded to bidders who did not submit a declaration on whether they are

employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

61. Construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB), in contravention of section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).
62. Awards were made to providers who were in the service of the municipality and whose directors are in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore the provider failed to declare that he / she was in the service of the municipality, as required by SCM regulation 13(c).
63. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
64. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).
65. Contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
66. Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.
67. Contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.
68. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2) (c) of the MFMA.

Consequence management

69. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by sections 32(2) (a) and (b) of the MFMA.

Strategic planning and performance management

70. The amendments to the IDP was not adopted by the council only after all the members of council have been given reasonable notice, the proposed amendment has been published for public comment and consultation with the district and taking into account all comments received as required by regulation 6 of the Municipal planning and performance management regulations.
71. The performance management system and related controls were inadequate as it did not describe and represent the processes of performance measurement, review, reporting, improvement and how it is conducted, organised and managed, as required by section 38 of the MSA and regulation 7 of the Municipal planning and performance management regulations.

Environmental management

72. The municipality did not exercise its legislative and executive authority as required by



section 11(3) (l) and (m) of the MSA by managing, monitoring and enforcing environmental related bylaws to promote a safe and healthy environment.

73. The municipality operated its waste disposal sites and wastewater treatment facilities without a license in contravention of section 20(b) of the National Environmental Management Waste Act, 2008 (Act No. 59 of 2008) (NEMWA), section 24(2) (a) of the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA) and section 22(1) (b) of the National Water Act, 1998 (Act No. 36 of 1998) (NWA).
74. The municipality's operational activities at its waste disposals sites and wastewater treatment facilities contravened or failed to comply with the requirements of a waste management license or the norms and standards as required by sections 67(1)(f) and (h) of the NEMWA and sections 151(1)(c) and (i) of the NWA.
75. The municipality's waste management and disposal activities contravened or failed to comply with the requirements of section 28(1) of the NEMA, section 19 of the NWA and sections 16(1) (c) and (d) and 26(1) (b) of the NEMWA.

Internal control

76. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

77. The leadership did not promote a culture of honestly, ethical business practices and good governance, by ensuring that the municipality has a competent workforce, functioning oversight structures, improved IT environment, regular reporting on operations, adequate internal control measures and that consequence management is implemented.

Financial and performance management

78. Management did not establish a culture of regular reviews, adequate checks, reconciliations and compliance reviews that ensures that financial and non-financial information complies with and meet the legislated frameworks and accounting and reporting standards.

Governance

79. The audit committee did not ensure that there is a functioning internal audit department and they did not monitor the implementation of risk assessment practices. Activities of the audit committee did not have a positive impact on the control environment and audit outcome of the municipality

Other reports

80. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are in progress.

Investigations

81. An investigation was being conducted by the Public Protector on alleged maladministration in the awarding of tenders and payments by the municipality. I could not confirm the status of the investigation at the reporting date.
82. An investigation was being conducted by the Public Protector on alleged maladministration and impropriety in the appointment of the Director: Technical Services. The appointment was made by council despite the MEC not issuing a letter of concurrence in this regard. The investigation was still on-going at the reporting date.
83. An investigation was being conducted by the South African Police Services on the alleged fraud by cashiers. The matter has been referred to the Public Prosecutor for a decision. The investigation was still in progress and not concluded at the reporting date.

Auditor General

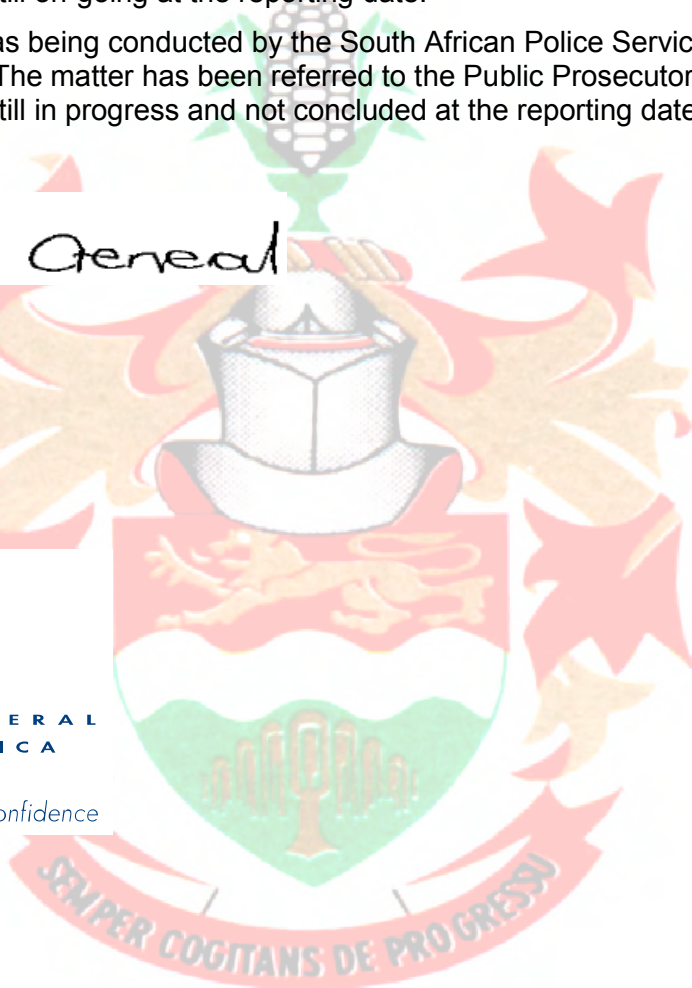
Potchefstroom

30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

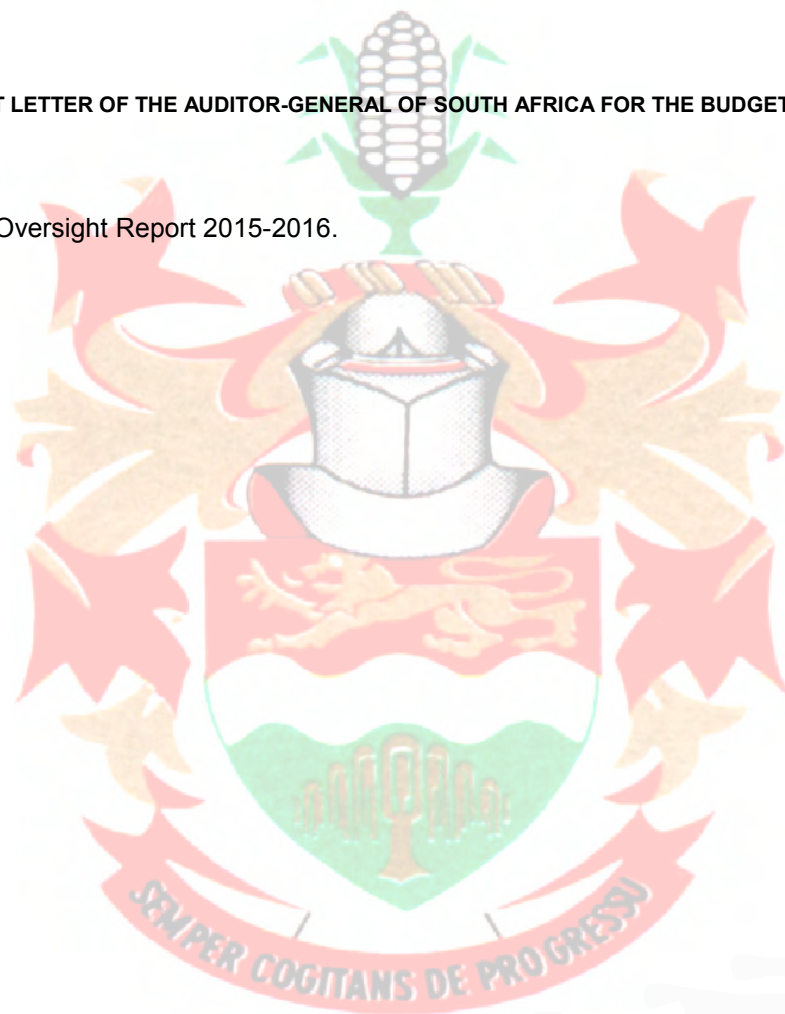
Auditing to build public confidence



VENTERSDORP LOCAL MUNICIPALITY

AUDIT ACTION PLAN ON THE 2015/2016 FINAL MANAGEMENT LETTER OF THE AUDITOR-GENERAL OF SOUTH AFRICA FOR THE BUDGET AND TREASURY OFFICE

The 2015/2016 Audit Action Plan will form part of the Oversight Report 2015-2016.





GLOSSARY

GLOSSARY

ACCESSIBILITY INDICATORS	Explore whether the intended beneficiaries are able to access services or outputs.
ACCOUNTABILITY DOCUMENTS	Documents used by executive authorities to give full and regular reports on the matter under their control to Parliament and Provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
ACTIVITIES	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe (what we do)
ADEQUATE INDICATORS	The quantity of input or output relative to the need or demand
ANNUAL REPORT	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the MFMA. Such a report must include annual financial statements as submitted to and approved by the Auditor-General
APPROVED BUDGET	The annual financial statements of a municipality as audited by the Auditor-General and approved by Council or a provincial or national executive.
BASELINE	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in year prior to the planning period.
BASIC MUNICIPAL SERVICES	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
BUDGET YEAR	The financial year for which an annual budget is to be approved – means a year ending on 30 June
COST INDICATOR	The overall cost or expenditure of producing a specified quantity of outputs.
DISTRIBUTION INDICATORS	The distribution of capacity to deliver services.
FINANCIAL STATEMENTS	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
GENERAL KEY PERFORMANCE INDICATORS	After consultation with the MEC for Local Government, the Minister may prescribe general key performance indicator that are appropriate and applicable to Local Government generally.
IMPACT	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
INPUTS	All the resources that contribute to the production and delivery of outputs, inputs are “what we use to do the work”. They include finance, personnel, equipment and building.
INTEGRATED DEVELOPMENT PLAN (IDP)	Set out municipal goals and development/strategic plan
NATIONAL KEY PERFORMANCE AREAS	<ul style="list-style-type: none"> ▪ Service Delivery & Infrastructure ▪ Local Economic Development ▪ Municipal Transformation and Institutional Development ▪ Financial Viability and Management ▪ Good Governance and Community Participation
OUTCOMES	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plan. Outcomes are “what we wish to achieve”
OUTPUTS	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce to deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a key results area.
PERFORMANCE INDICATOR	Indicators should be specific to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
PERFORMANCE INFORMATION	Generic terms for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
PERFORMANCE STANDARDS	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timelines, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
PERFORMANCE TARGETS	The level of performance that municipalities and its employees strive to achieve. Performance targets related to current baselines and express a specific level of

	performance that a municipality aims to achieve within a given time period
SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN	Detailed plan approved by the mayor for the implementation of municipality's delivery of projects and services of the revenue collected and operational and capital expenditure by vote for each month. Service Delivery targets and performance indicators must also be included.
VOTE	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the</p> <p>MFMA defines a "vote" as:-</p> <ol style="list-style-type: none"> <i>One of the main segments into which a budget of the municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>Which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.</i>



APPENDICES



APPENDICES

APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCILLOR ATTENDANCE

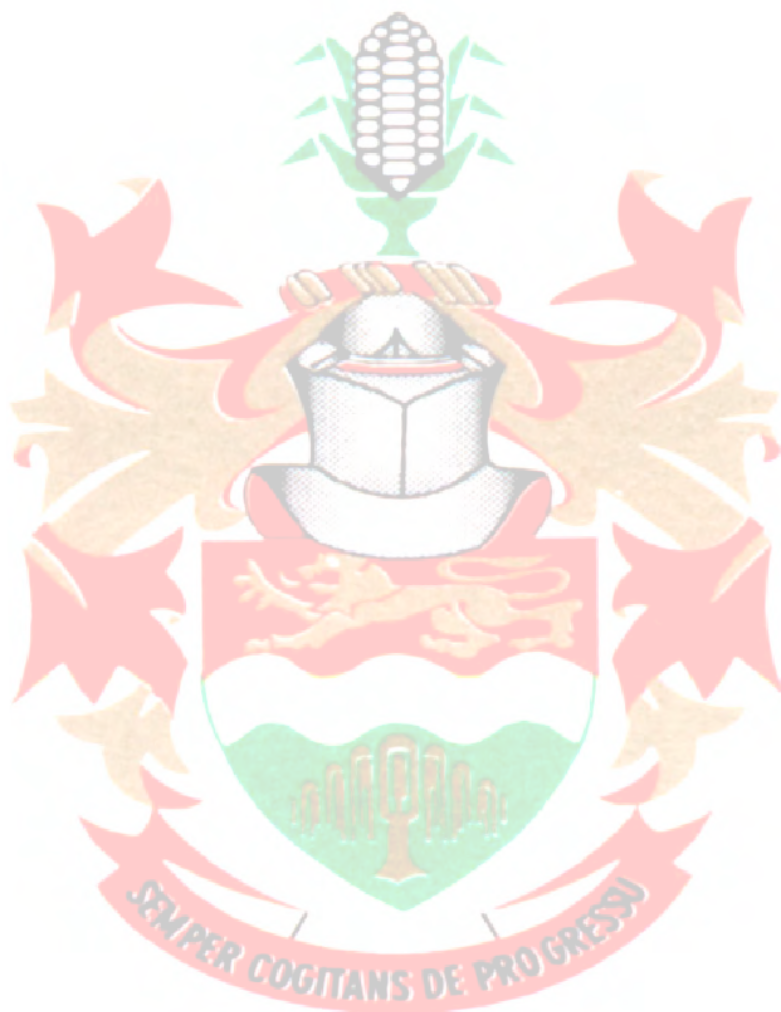
COUNCIL MEMBERS	FULL TIME/ PART TIME	COMMITTEE ALLOCATED	WARD AND/OR PARTY REPRESENTED	% COUNCIL MEETING ATTENDANCE	% APOLOGIES FOR NON-ATTENDANCE
ORDINARY AND SPECIAL COUNCIL MEETINGS					
TOTAL NUMBER OF MEETING HELD					
Cllr CN Phoyane	FT	Speaker/Mayor	PR Councillor (ANC)	94.4%	100%
Cllr S Moabi	PT	Acting Whip/MMC Infrastructure	PR Councillor (ANC)	94.4%	100%
Cllr L Links	PT		PR Councillor (ANC)	83.3%	0%
Cllr W Matinyane	PT		PR Councillor (ANC)	38.8%	44.5%
Cllr C Mogwata	PT		PR Councillor (DA)	72.2%	94.4%
Cllr J Matome	PT	Portfolio Chairperson: Community Services	Ward 01 Councillor (ANC)	100%	
Cllr T Motshabi	PT	Portfolio Chairperson: Governance and Finance	Ward 02 Councillor (ANC)	94.4%	100%
Cllr J Motladiile	PT	Portfolio Chairperson Strategic Planning and LED	Ward 03 Councillor (ANC)	72.2%	94.4%
Cllr M Matinyane	PT		Ward 04 Councillor (ANC)	83.3%	94.4%
Cllr J Mjuleni	PT		Ward 05 Councillor (ANC)	66.6%	94.4%
Cllr V Qankase	PT	MPAC Chairperson	Ward 06 Councillor (ANC)	88.8%	85%
PORFOLIO COMMITTEE MEETINGS					
TOTAL NUMBER OF MEETING HELD 02					
Cllr S Moabi	PT	Acting Whip/MMC Infrastructure	PR Councillor (ANC)	100%	0%
Cllr L Links	PT		PR Councillor (ANC)	88.8%	21%%
Cllr W Matinyane	PT		PR Councillor (ANC)	5%	0%
Cllr . Jones (<i>Deceased</i>)	PT		PR Councillor (DA)	100%	0%
Cllr C Mogwata	PT		PR Councillor (DA)	0%	0%
Cllr J Matome	PT	Portfolio Chairperson: Community Services	Ward 01 Councillor (ANC)	100%	
Cllr T Motshabi	PT	Portfolio Chairperson: Governance and Finance	Ward 02 Councillor (ANC)	100%	0%
Cllr J Motladiile	PT	Portfolio Chairperson Strategic Planning and LED	Ward 03 Councillor (ANC)	94.4%	100%
Cllr M Matinyane	PT		Ward 04 Councillor (ANC)	100%	0%
Cllr J Mjuleni	PT		Ward 05 Councillor (ANC)	100%	0%
Cllr V Qankase	PT	MPAC Chairperson	Ward 06 Councillor (ANC)	100%	

COMMENTS

If the percentage for apologies for non-attendance is less than the percentage indicated for attended council meetings, it thus means that no apology was received and that the council member was absent without leave.

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEE (OTHER THAN COUNCIL) AND PURPOSE OF COMMITTEES	
Municipal Committees	Purpose of Committee
Portfolio of Governance, Finance and Administration	Councillors provide oversight role on Governance, Finance and Administration
Portfolio Infrastructure	Councillors provide oversight role Infrastructure
Portfolio strategic planning and LED	Councillors provide oversight role Strategic Planning and LED
Portfolio Community Services	Councillors provide oversight role on Community Services



APPENDIX C – THIRD TIER ADMINISTRATION STRUCTURE

THIRD TIER STRUCTURE	
Directorate	Director/Manager
Office of the Municipal Manager	
<i>Performance Manager</i>	DSJantjies
<i>IDP Manager</i>	E Matjiane
Office of Finance:-	
<i>Manager Expenditure</i>	EHall
<i>Finance Manager</i>	M De Villiers
<i>Manager Budge and Reporting</i>	CWK Kgosiemang
Office of Corporate Services	
<i>Manager Human Resources</i>	M Human
<i>Admin Manager</i>	P Nzimankulu
<i>Manager in the office of the Speaker/Mayor</i>	T Nkomo
Office of Strategic Planning and LED	
<i>Manager Town Planning</i>	W Marx
Office of Community Service	
<i>Chief Fire Officer (Supervisor)</i>	T Swarts
<i>Chief Traffic Officer</i>	J Nixon

APPENDIX D - FUNCTION OF MUNICIPALITY

MUNICIPALITY FUNCTIONS	Function Applicable to Municipality (YES/NO)
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Fire fighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal public works only i.r.o the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	
Storm water management system in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to portable water supply systems and domestic waste-water and sewage	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours	Yes
Crematoria	No
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	
Municipal parks and recreation	Yes
Municipal road	Yes
Pounds	
Public places	Yes
Refuses removal, refuse dumps and solid waste disposal	Yes
Street lighting	Yes
Traffic and parking	Yes
Street trading	Yes

APPENDIX E – WARD REPORTING: (The PMS Office has not received information as requested).

FUNCTIONALITY OF WARD COMMITTEE						
WARD NO	Name of Ward Councillor and elected Ward Committee members		Committee established (yes/no)	Number of monthly committee meetings held during the year	Number of monthly reports submitted to Speaker office on time	Number of quarterly public ward meetings held during year
01	Cllr JM Matome	Martha Mathiane Ernest Ntsonda Cynthia Montshiwa Pule Plaatjie Mpodi Molokela Sello Dassie Basebi Motlhoiwa Pauline Mokone Mathapelo Molebatsi	Yes			
02	Cllr T Motshabi	Tsholofelo Mokgweetsi Nathan Mogale Ntosi Mathope Yvonne Sebokedi Maserame Mpogo Lucas Ntlangane Tebogo Moletse Jacob mongale Mathapelo kobue	Yes			
03	Cllr MJ Motladile	Matshidiso Dibe Daniel Morokeng Goitsema Ilanga Dinah Matsapola Manyome Maholi Panama Mokgatla Kabelo Lekgwenyane Festinah Sehawa Phistos Ratshefola	Yes			
04	Cllr M Matinyane	Lenah Mogotsi Elizabeth Tawana Dikeledi Diamond Orayang Mogoiwa Kedibone Moilamashi Mabhuti Humane Rebecca Davids Annah Seleke Simon Motshabi	Yes			
05	Cllr J Mjulen	Magdeline Malepi Lebogang Sephai Joyce Mogodiseng Julia Fantsi Josphine Khumalo Evelyn Mfazwe Patrick Mangena Zeze Moloko Jeremiah Mofokeng Andries Mogapi Stephen Masimong	Yes			
06	Cllr V Qankase	Khuduga Dibe Nthabiseng Mompei Aubrey Motlhabane Thandiwe Mayezana Leonard Ntlatleng Lerato Emly Lekabe David Timmerman	Yes			

APPENDIX F – WARD INFORMATION

WARD TITLE:WARD NAME NUMBER				
Capital Projects				
R'000				
Ward No	Project Name and Detail	Start Date	End Date	Total Value
01	Storm-Water Drainage next to JB Marks Clinic- 1km, Tshing Ext 2	21/10/2015	15/07/2016	R491 132.62
02	Internal Road Development Tshing proper & Ext 4(1.9Km)	21/10/2015	15/03/2016	238 764.18
02	Community Hall Development – Tshing Makweteng	20/01/2015	23/06/2016	R187 416.00
01	Three High Mast Light Development – Tshing Ext 2	20/01/2015	11/08/2016	R466 597.59
03	Access Road development Appeldraai-1km	21/10/2015	15/07/2016	R6 876 380.32
04	Paved internal Road Tshing Ext 3 – 2km	21/10/2015	15/07/2016	R859 380.53
05	Design Bulk water supply Boikhutsong	24/05/2016	Multiyear project	R685 457.82
03	Electrification of 34 households and Bulk line supply - Doornkop	04/11/2015	24/02/2016	R417 670.15
05	Electrification of 250 Household in Boikhutsong	04/11/2015	24/02/2016	R3 026 352.99
04	Electrification of 21 household - Buffeslei	04/11/2015	24/02/2016	R572 915.23
06	200 electrification in Toevlug (ward 6)	04/11/2015	09/05/2016	R910 438.03

BASIC SERVICE PROVISION				
Details	Water	Sanitation	Electricity	Refuse
Households with minimum service delivery	15516	15135	15085	6773
Households without minimum service delivery	1069	1450	1500	9812
Total households	16585	16585	16585	16585
Including informal settlement				

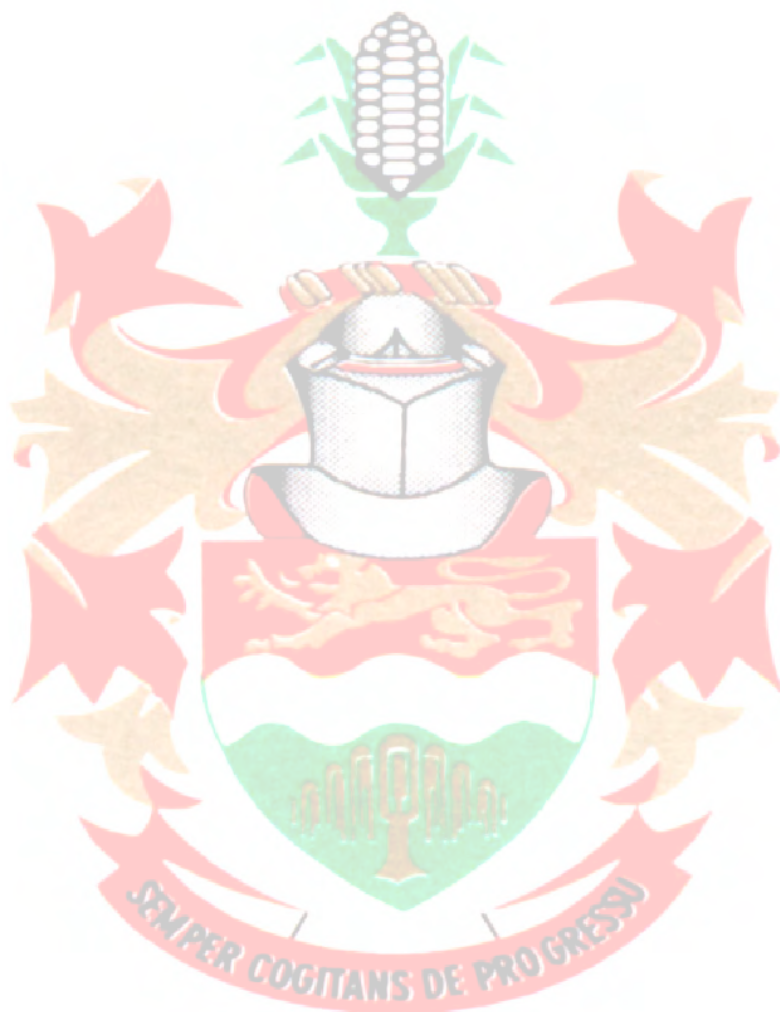
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2014/2015

MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee recommendations during 2014/2015	Recommendations adopted (enter Yes) if not adopted (provide explanation)
25 July 2014	<ul style="list-style-type: none"> AC noted progress report on the preparation of the 2013/2014 Annual Financial Statements subject to comments. That the Municipal Manager ensures that TDMG submits the asset register by the 8th August 2014. AC noted the SCM report subject to comments. That the Municipality advertises for registration of service providers on the Municipality's database as a matter of urgency. That the detailed procurement plan be submitted at the next AC meeting. AC noted the litigation report subject to comments. That the Municipality assess risks on a case by case and the benefits versus the costs. All financial policies be submitted to the AC for inputs. AC noted the report on capital projects. AC noted quarterly performance reports. AC noted the report on implementation status of AGSA findings. AC noted Internal Audit HR Report subject to comments. AC noted system of delegations subject to comments. AC recommended that system of delegations can be taken to council for adoption and once approved can be embedded in the Performance Agreements of Section 56 Managers. 	YES
22 August 2014	<ul style="list-style-type: none"> AC noted the Draft Annual Financial Statements subject to changes to be made. That the municipality implements proper records management system. AC noted the Draft Annual Report subject to changes to be made. Audit Strategy was not submitted. AC adopted IA and AC Charters subject to changes. That the charters be reviewed every two years. IA Charter – that table of contents be simplified. That the paragraph under accountability be read as the CAE in discharging his/her duties should be accountable functionally to the AC and administratively to the Accounting Officer. Remuneration of Audit Committee Members – the paragraph be read as Audit Committee shall be remunerated in accordance with the approved council tariff rates. AC adopted Internal Audit Plan subject to changes to be made. 	YES
30 October 2014	<ul style="list-style-type: none"> The ordinary AC meeting to discuss the 1st quarter reports will be re-scheduled after the special AC meeting to be held on the 26th November 2014. Management will be advised accordingly. 	YES
26 November 2014	<ul style="list-style-type: none"> AC noted the request of AG That the Chairperson of the AC writes a letter to AGSA to get clarity why the AGSA is involved in the logistic arrangement of the Audit Committee because AGSA had never attended the AC meetings and now AGSA had the liberty to advise management not to attend Audit Committee without consulting with the AC. The AC noted the draft audit report with the fact that the management letter was not presented. Chairperson recommended that the report go to council for approval. AC resolved to write a letter to PT, Provincial SCOPA and AC chair of the department to explain that it's not happy with the service the municipality is getting from TMDG. It must be said in the report that AC is ineffective because of the ineffective environment of the municipality. 	YES

<p>17 February 2015</p>	<ul style="list-style-type: none"> • AC noted the finance report subject to comments made. • AC noted the finance report subject to comments made. • AC recommended utilisation of the E-Fuel system. • CFO was advised to draw up a register/roster of all activities that needs to be done daily, weekly, monthly, quarterly and annually. • The following reports were requested by the AC: • A full report on how many people have been caught for stolen transformers, number of transformers stolen, damaged, poor installation and cost of replacement. • A police report (should be submitted by the 15th March 2015). • Reconciliation on actual electricity usage vs. electricity distribution. • Report on unauthorised, irregular, fruitless and wasteful expenditure. • Full report on how challenges given will be addressed (should be submitted by the 15th March 2015). • AC noted the report with concerns. • SO Matshidiso contract investigation report will be submitted in the next AC meeting. • AC requested the report on compliance with SCM regulation 32. • AC noted the report subject to comments made. • That the date on legal and compliance report be corrected. • That the municipality should consider settlement rather than paying excessive legal costs. • Mr Motala will assist the municipality should they decide to settle their legal cases. • AC advised the municipality not to appoint consultants for the development of the policies and requested to be invited on policy workshops to be able to assist by providing inputs and also assist with the revision of the policies. • AC noted the report with grave concerns. • Feedback from the hawks with regards to the project should be submitted to the next Audit Committee Meeting. • An investigation report against employees should be submitted to the AC. • Progress on the effort made to recover the money from the alleged employees be submitted to the AC at the next AC meeting. • The AC noted Finance, Engineering and Corporate Services PMS report. • IA advised the municipality to assign one of the employees to be a risk champion. • Management should ensure that risk management becomes operational within the municipality. • Risks must be identified from the annual SDBIP. • That management must ensure that risk management becomes operational within the municipality. • AC noted the report subject to dissatisfaction expressed on the progress of implementation of corrective action. • That Directors report to the acting Municipal Manager on a monthly basis on the implementation of findings raised by AG in order to clear all findings. • That the implementation target dates be indicated on the report. • AC approved the audit plan subject to discussion with management. • An audit universe will be updated and the objectives of the Local municipalities will be acquired from PMS department. • That Internal Audit unit should obtain evidence on issues already raised during the AC meeting and raise findings on such issues. 	<p>YES</p>
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APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

LONG TERM CONTRACTS (LARGEST CONTRACTS ENTERED INTO DURING 2015/2016)			
Name of Service Provider	Description of Services Provider	Start date of contract	Expiry date of contract
So Matshidiso	Provide Alternative Energy	1 July 2014	30 June 2016
Nolala Mass	Valuation	1 July 2013	30 June 2018
FNB	Banking	1 July 2013	30 June 2018



APPENDIX I - MUNICIPAL ENTITY/SERVICE PROVIDERS PERFORMANCE SCHEDULE AND ASSESSMENT

ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2015/2015 FINANCIAL YEAR											
Project name	Name of Service provider	Source of funding	Start date	Completi on date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent				Assessment comments
DIRECTORATE OF COMMUNITY SERVICES							Q 1	Q2	Q3	Q4	
Security Services	Cross cut Specialised Services (PTY) Ltd	Municipal Funding	July 2014 - June 2015	Jun-15	The tender has been advertised and the service provider will be appointed by end September 2015 for the new contract	The Municipality lacks fencing and there are several entrance doors. Not all the windows are burglared	2	3	2	3	
Speed Camera Service Contractor	Mavambo ITS	Service provider's Funding	July 2014 - June 2015	Jun-15	With the limited three hours that is permitted by Public Prosecutions per day, the monthly share received by the municipality is more than R200 000.00.	An addendum has been signed with the service provider for 50% share of the received revenue	3	4	4	4	
Project name	Name of Service provider	Source of funding	Start date	Comple tion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent				Assessment comments
DIRECTORATE OF INFRASTRUCTURE SERVICES							Q 1	Q 2	Q 3	Q4	
Internal Road Development Tshing Ext 6	Korone Engineers	MIG	28/07/2014	30/06/2016	Complete				4	4	Excellent performance
Internal Road Development Tshing Ext 6	Aganang Civil Construction	MIG	27/02/2015	30/06/2016	Complete				4	4	Excellent performance
Tshing Ext 5 Outdoor Sport Facility	PRDC	MIG	06/09/2011		on-going		3	3	3	3	Performance of the consultant was excellent except that he advice that we should not appoint the said contractor but unfortunately he was appointed of which his Performance then got affected negatively.
Tshing Ext 5 Outdoor Sport Facility	Kgoni Tobo Civils JV	MIG	30/05/2014		on-going		1	1	1	1	The allocated scores are self explanatory of how was the performance. The project is mostly done through cession to counter act poor performance.

Tshing Ext 2 MPCC	T-Square Engineers	MIG	08/10/2013		Still to be implemented		2	2	2	2	Performance was really below our expectation hence the project is rolled over.
Tshing Ext 2 MPCC	Khethenwayo Construction	MIG	11/06/2014		Still to be implemented		-	-	-		The contractor withdrew because of the reduction of scope of works which was caused by funds limitation.
Goedgevonden Outdoor Sport Facility	PRDC	MIG	06/09/2011		Complete		4	4	4	4	Performance of the professional service provider was very excellent hence the project been completed within the schedule..
Goedgevonden Outdoor Sport Facility	Maesela Construction	MIG	30/05/2014		Complete		3	3	3	3	There is not much problems encountered on this project. The implementation was completed within the schedule.
Tshing Electrification of 300 Households	Ingplan Africa	DME/INEP	08/05/2014		Still to be implemented		2	2	2	2	Performance of the professional service provider as well as late appointment of service provider caused the delay on the rolling-out of the project.
Electrification of 200 Households	Thoko Consultants	DME/INEP	08/05/2014		Still to be energised but the project is complete		3	3	3	3	Late appointment of the service provider caused the delay towards the project completion.
Electrification of 200 Households	Nsibandos/ Mpho Electrical JV	DME/INEP	13/05/2015		Still to be energised but no project is complete		3	3	3	3	Late appointment of the service provider caused the delay towards the project completion.
Electrification of 10 Households Doornkop	Motla Consulting	DME/INEP	08/05/2014		Still to be implemented		-	-	-		Appointed professional service declined the appointment
Boikhutsong Electrical Bulk Supply Line	Math Engineering	DME/INEP	08/05/2014		on-going				3	3	The project could have been completed if it was not for the striking community members citing their wish to be incorporated into Eskom network.
Boikhutsong Electrical Bulk Supply Line	Moon and Earth Trading	DME/INEP	08/01/2015		on-going				3	3	The project could have been completed if it was not for the striking community members citing their wish to be incorporated into Eskom network.

Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent-				Assessment comments
DIRECTORATE OF CORPORATE SERVICES							Q1	Q 2	Q 3	Q 4	
Telecommunications services	SAMSUNG/ NW telecoms	Income	July 210 - July 2015	15-Jul-16	Contract doing well, however the contract has come to an end, and the company is on month to month contract upon completion or appointment of the new service provider.	None	4	4	4	4	
Hygien Services	Styner hygiene	Income	Month to month	continuous	Company is doing well.	None	4	4	4	4	
Panel of attorneys	Legal services	Income	July 2012 - June 2015	continuous	the contract came to an end and awaiting for the appointment of the new Panel	Cases dragging for long. High legal costs. Unnecessary cases that would have been settled out of court causing a financial strain to the Municipality.	2	2	2	2	
Cell phone contracts	MTN/ Vodacom	Income	on continuous basis	continuous	Contracts doing well, for the procurement of moderns' and standby phone for essential services.	None	4	4	4	4	
valuators	Ndlala mass valuers	Income	May 2013 - June 2018	01-Jun-18	Up to date the contractor is doing well. Supplementary roll submitted.	Way behind schedule. Company not competent to our certification. Lot of mistakes from the roll. Appeal board sat 4 times, instead of completing it in one sitting and one sitting cause around R25 000	1	1	1	2	
Website	Black Snow	Income	Month to month	continuous	Contract is doing well, in a process of appointing any contract in a formal way.	none	4	4	4	4	
Telkom	internet , fax line, email, after hour line	Income	on continuous basis	continuous	contract doing well	none	4	4	4	4	
Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent-				Assessment comments
DIRECTORATE OF STRATEGIC PLANNING AND LED							Q1	Q 2	Q 3	Q 4	
Housing sector plan for Ventersdorp	Malepa Planning & Projects	Dr KKMD	Mar-14	Mar-16	Final Housing Sector Plan document for Ventersdorp	They used outdated housing statistics. Then the municipality had to do their own statistics and	2	4	3		The service provider only did a desktop study, to compile the document, while an onsite study

						give it to the services provider to correct the information of the document					was also required. And The final document is not up to standard and is not entirely responding to the current municipality's onsite situation.
LED Strategy for Ventersdorp	Kayamandi development services	Dr KKDM	Oct-14	continous	Draft LED strategy for Ventersdorp	They used outdate information in compiling the strategy.	4	3	3		The municipality made comments of the draft and still awaiting the final document.
Printing of IDP and PMS documents	Arnold and Wessels	operational Budget	03-Jun-15	continous	IDP & Annual Report booklets	none			4		The service provider followed the specification we provided correctly in printing the documents, and the quality is good.



APPENDIX J – DISCLOSURE OF FINANCIAL INTEREST

DISCLOSURE OF FINANCIAL INTERESTS PERIOD 1 JULY 2014 TO 30 JUNE 2015		
Position	Name	Description of Financial interest (nil/ or details)
Speaker Mayor	Cllr CN Phoyane	None
Councillors	Cllr W Matinyane	None
	Cllr. Motshabi	Property : 685 (15x25) R100 000.00
		Property: 256 (15x25) R100 000.00
	Cllr JT Links	None
	Cllr J Mjuleni	None
	Cllr J Motladiile	None
	Cllr V Qankase	None
	Cllr C Mogwata	None
	Cllr M Matinyane	None
	Cllr S Moabi	None
	Cllr J Matome	None
SECTION 56 & 57 MANAGERS		
Chief Financial Officer	Mr MI Moruti	Property House no. 11 Keurboom Str, Stilfontein R800 000.00
		Vacant stand in Unit 15, Mmabatho: 533M ² R98 000.00
		Directorship: MI Moruti Consulting
Directors Engineering Services	Mr OG Moremedi	Shares and other Financial Interest: 17000 Stanlib
		Shares and other Financial Interest: 270 MTN
		Directorship/Partnership: Magidy and The Boys Trading Enterprise Cash Business
		Gissor Business Enterprise Courier Services
		Land and Property: Arabele Land 4 ha Mafikeng R100 000.00
		Residential site 300m ² Christiana R50 000.00
		Residential Land 4ha Zeerust R0.5m
		Residential property 1000m ² Mafikeng R0.8m
Director Community Services	Mrs BMB Mosepele	Land and Property: House Roth Str, Ventersdorp 2617m ² R700 000.00
		Stand 5710m ² R200 000.00
Director Strategic Planning and LED	Mr S Sidu	None
SUPPLY CHAIN MANAGEMENT		
Supply Chain Manager	Mr TI Banda	Land and Property: Residential 865m ² 2989 R800 000.00
Supply Chain Clerk	Mr HK Modise	Land and Property: Residential 896ms 2989 Tshing R183 000.00

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

REVENUE COLLECTION PERFORMANCE BY VOTE						
Vote Description	2014/2015	2015/2016			2015/2016 Variance %	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Corporate Governance & Administration	67 889 152	77 112 220	82 589 270	90 432 693	14.73	8.67
Infrastructure & Service Delivery	75 474 701	66 816 280	58 214 705	67 883 893	1.57	14.17
Economic Development & investment Promotion	-	-	-	-	-	-
Community Services	20 866 720	7 579 180	5 996 460	43 859 203	82.72	86.33
Strategic Planning and LED	-	-	-	-	-	-
*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						



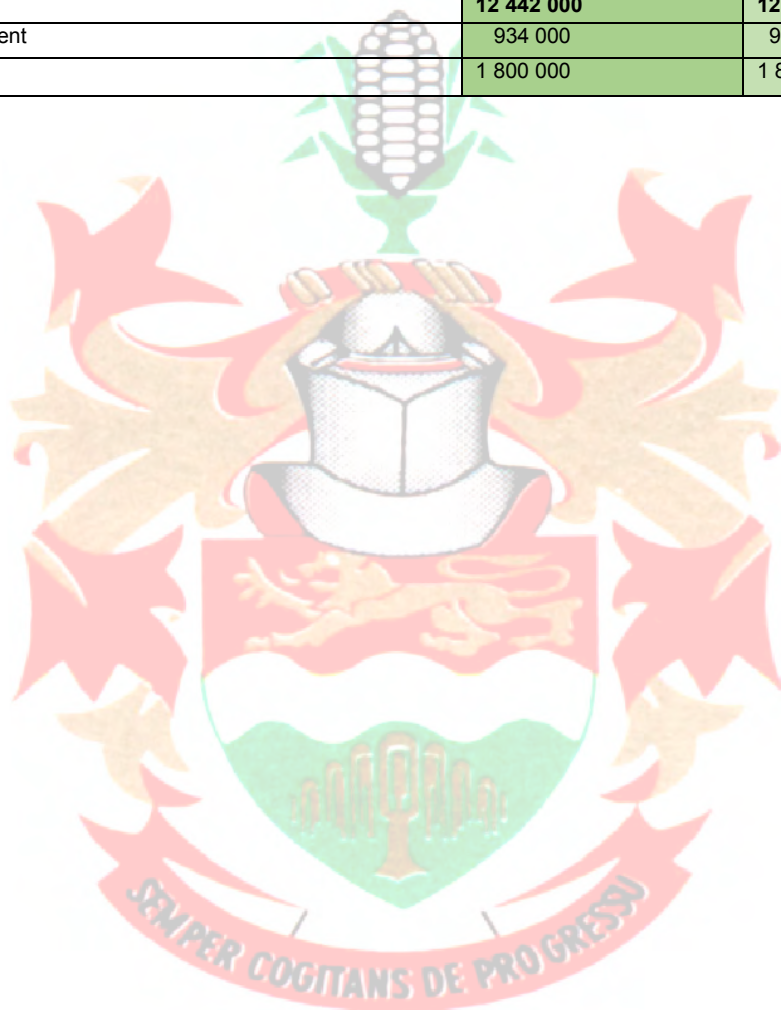
APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

REVENUE COLLECTION PERFORMANCE BY SOURCE						
Description	2014/2015	2015/2016			2015/2016 %	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property Rates	8 683 903	9 707 550	14 948 450	11 826 368	17.92	26.39
Service Charges – Electricity Revenue	37 015 508	50 422 070	42 022 426	42 274 171	19.27	0.6
Service Charges – Water Revenue	3 472 519	3 351 740	3 151 740	4 754 977	29.51	33.72
Service Charges – Sanitation Revenue	5 807 599	6 090 750	6 138 819	6 215 107	2.0	1.23
Service Charges – Refuse Revenue	3 851 717	3 999 320	3 949 320	4 090 870	2.24	3.46
Rentals of Facilities and Equipment	70 421	115 070	115 070	76 056	51.3	51.3
Interest Earned – External Investments	642 670	628 600	670 000	709 602	11.42	5.58
Fines	31 370 047	5 533 560	4 533 560	41 254 378	86.59	89.01
Licenses and Permits	2 644 793	1 587 720	325 000	1 650 858	3.82	80.31
Transfers Recognized – Operational	59 761 754	69 404 000	70 084 000	80 461 112	13.74	12.89
Other Revenue	682 797	667 300	862 050	933 315	28.5	7.64
Gains on Disposal of PPE		-	-	-		
Total Revenue (excluding Capital transfers and Contributions)	154 003 728	151 507 680	146 800 435	194 246 814	22.0	24.42
Property Rates	8 683 903	9 707 550	14 948 450	11 826 368	17.92	26.39
Service Charges – Electricity Revenue	37 015 508	50 422 070	42 022 426	42 274 171	19.27	0.6
Service Charges – Water Revenue	3 472 519	3 351 740	3 151 740	4 754 977	29.51	33.72
Service Charges – Sanitation Revenue	5 807 599	6 090 750	6 138 819	6 215 107	2.0	1.23
Service Charges – Refuse Revenue	3 851 717	3 999 320	3 949 320	4 090 870	2.24	3.46
Rentals of Facilities and Equipment	70 421	115 070	115 070	76 056	51.3	51.3

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

CONDITIONAL GRANTS: EXCLUDING MIG		
Details	Budget	Actual
Municipal System Improvement	934 000	934 000
Finance Management Grant	1 800 000	1 800 000
EPWP	1 388 000	1 388 000
Library	320 000	320 000
NER	8 000 000	8 000 000
TOTAL	12 442 000	12 442 000
Municipal System Improvement	934 000	934 000
Finance Management Grant	1 800 000	1 800 000



APPENDIX M: CAPITAL EXPENDITURE – NEW PROGRAMMES

CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME							
R'000							
Description	2014/2015	2015/2016			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2016/2017	2017/2018	2017/2018
Capital expenditure by Asset Class							
Infrastructure – Total							
Infrastructure: Road transport – Total	31 250 127	8 313 357	17 281 000	-	7 500 000	15 471 000	7 000 000
Storm Water							
Infrastructure: Electricity – Total	6 636 880	13 550 000	16 343 000	-	8 000 000	6 000 000	7 500 000
Transmission & Reticulation							
Infrastructure: Water – Total	527 158	4 648 000	-	-	-	3 000 000	6 000 000
Infrastructure: Sanitation – Total	1 208 251	-	-	-	-	-	-
Sewerage purification							
Infrastructure: Other - Total							
Other							
Community – Total	-	13 620 046	8 100 000	-	13 620 000	3 000 000	9 278 000
Libraries							
Other Municipal facilities							
Heritage assets – Total							
Other							
Other Assets							
Specialised vehicles							
Plant & equipment							
Furniture and other office equipment							
Total Capital Expenditure on new assets	39 622 416	35 483 403	46 372 000	-	29 120 000	27 471 000	29 778 000
* Note: information for this table may be sourced from MBRR (2009: Table SA34a)							

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2015/2016

Project Name	Original Budget R '000	Adjustment Budget Expenditure R '000	Actual	Status
Storm water Drainage next to JB Marks Clinic- 1km, Tshing Ext 2	R 2 000		R491 132.62	Project still under construction
Internal Road Development Tshing proper & Ext 4(1.9Km)	R 7,500		238 764.18	1.9km internal road still under construction
Community Hall Development – Tshing Makweteng	R 6,000		R187 416.00	Construction at a roofing level
Three High Mast Light Development – Tshing Ext 2	R 1,000		R466 597.59	Project complete
Access Road development Appeldraai- 1km	R 4,000	R6 000	R6 876 380.32	Road construction project complete
Paved internal Road Tshing Ext 3 – 2km	R 3,500		R859 380.53	1.2km road under construction
Design Bulk water supply Boikhutsong	R 1,500		R685 457.82	Project complete
Electrification of 34 households and Bulk line supply - Doornkop	R 1,270	R1 200	R417 670.15	Electrification reticulation complete
Electrification of 250 Household in Boikhutsong	R3, 000		R3 026 352.99	Project complete
Electrification of 21 household - Buffeslei	R 800		R572 915.23	Households reticulated and metered
200 electrification in Toevlug (ward 6)	R2 200		R910 438.03	Project complete

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

NOT APPLICABLE

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

NOT APPLICABLE

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERES OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

NOT APPLICABLE

APPENDIX R – DECLARATION OF LOANS AND GRANTS AND GRANTS MADE BY THE MUNICIPALITY

NOT APPLICABLE

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

NOT APPLICABLE

VOLUME 11

ANNEXURE A



Ventersdorp Local Municipality

***Annual Financial Statements for the
year ended 30 June 2016***

VENTERSDORP MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

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VENTERSDORP MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016

GENERAL INFORMATION

EXECUTIVE MAYOR

CN Phoyane

GRADING OF THE LOCAL AUTHORITY

Grade 2

EXTERNAL AUDITORS

Auditor-General of South Africa

PRIMARY BANKER

First National Bank

REGISTERED OFFICE

1 Van Tonder Crescent
Ventersdorp
2710

Private Bag X1010
Ventersdorp
2710

Telephone: 018 264 8500

Fax: 018 264 8567

Website: www.ventersdorp.co.za

ACTING MUNICIPAL MANAGER

MI Moruti

ACTING CHIEF FINANCIAL OFFICER

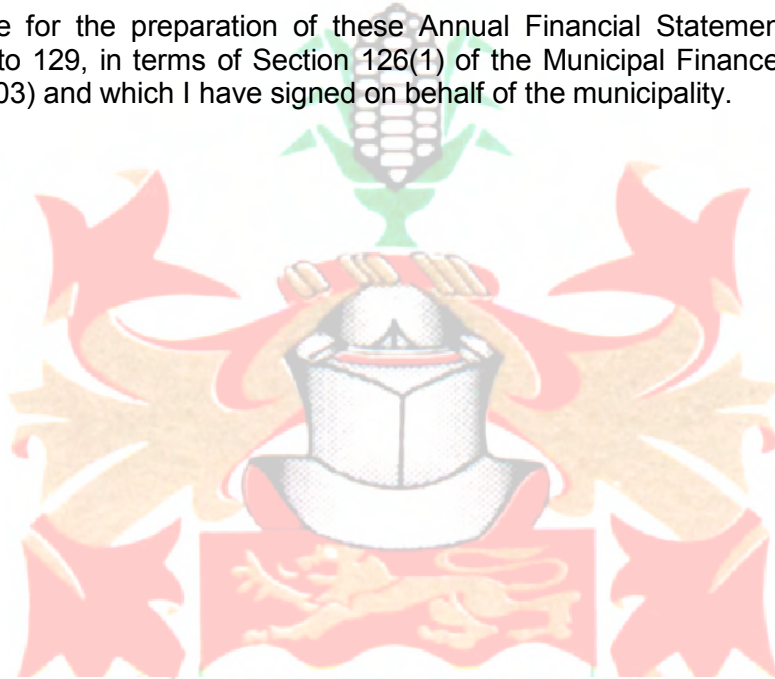
CWK Kgosiemang

VENTERSDORP MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

GENERAL INFORMATION (continued)

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 129, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.



MI MORUTI

ACTING MUNICIPAL MANAGER
31 August 2016

CWK KGOSIEMANG

ACTING CHIEF FINANCIAL OFFICER
31 August 2016

VENTERSDORP MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

MEMBERS OF THE COUNCIL

MEMBERS OF COUNCIL

CN Phoyane
CN Mogwata
NS Moabi
MW Matinyane
VW Qankase
M Matinyane
MT Motshabi
JM Matome
MJ Motladiile
MJ Mjulen
JL Links

Mayor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor

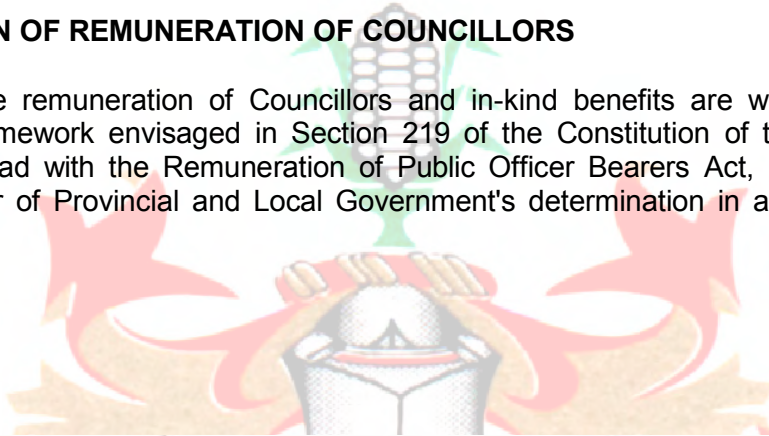



VENTERSDORP MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

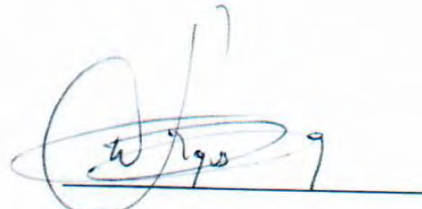
MEMBERS OF THE COUNCIL (continued)

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Officer Bearers Act, No 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.




MI MORUTI
ACTING MUNICIPAL MANAGER
31 August 2016

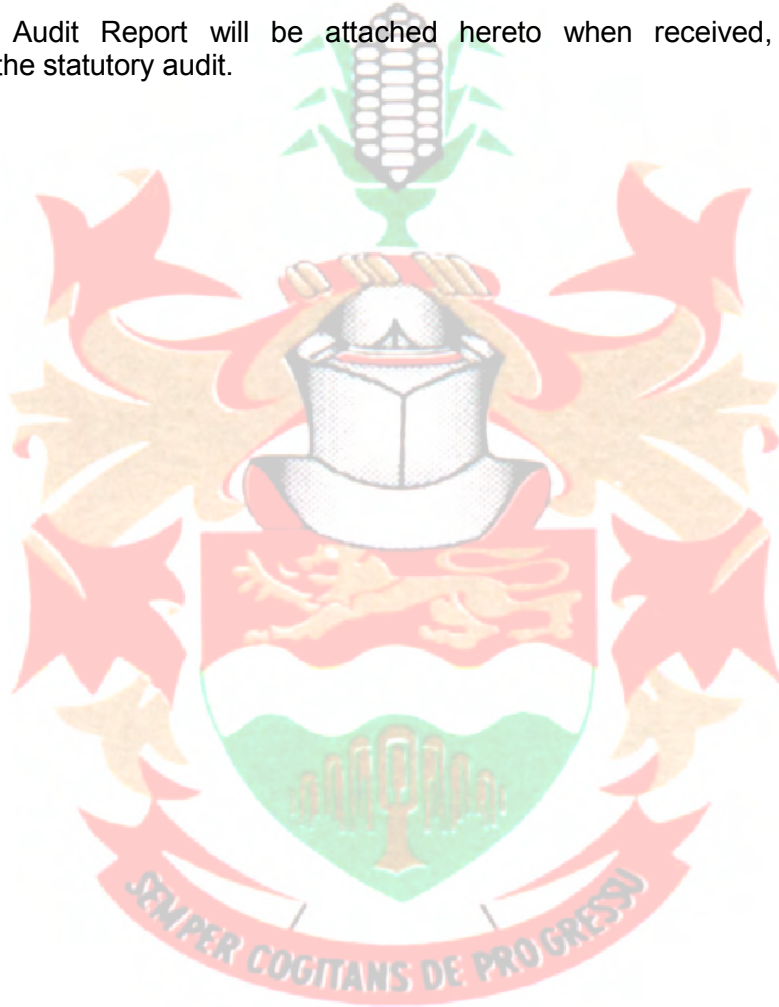

CWK KGOSIEMANG
ACTING CHIEF FINANCIAL OFFICER
31 August 2016



VENTERSDORP MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

AUDIT REPORT

The 2015/16 Audit Report will be attached hereto when received, after the completion of the statutory audit.



VENTERSDORP LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Ventersdorp Local Municipality at 30 June 2016.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2015/16 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2016	2015
Surplus / (Deficit) before Appropriations	(19 513 981)	(51 041 841)
Surplus / (Deficit) at the end of the Year	590 989 256	610 503 237
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	20.48%	19.37%
Remuneration of Councillors	1.41%	1.50%
Depreciation and Amortisation	17.51%	17.79%
Impairment Losses	20.95%	29.26%
Repairs and Maintenance	3.16%	2.16%
Interest Paid	3.40%	2.97%
Bulk Purchases	18.14%	17.09%
Contracted Services	5.71%	2.90%
Grants and Subsidies Paid	0.91%	0.19%
General Expenses	8.31%	6.78%
Current Ratio:		
Trade Creditors Days	433	547
Debtors from Exchange Transactions Days	96	127

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for the year ended 30 June 2016

REPORT OF THE CHIEF FINANCIAL OFFICER

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by Ventersdorp Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2016 are as follows:

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	610 503 237	503 783 548	21.18	-	100.00
Operating income for the year	221 765 651	176 075 506	25.95	146 700 265	51.17
Appropriations for the year	-	-	-	-	-
	832 268 888	679 859 054	22.42	146 700 265	467.33
Expenditure:					
Operating expenditure for the year	241 279 633	227 117 347	6.24	184 165 236	31.01
Sundry transfers	-	(157 761 530)	(100.00)	-	-
Closing surplus / (deficit)	590 989 256	610 503 237	(3.20)	(37 464 971)	(1 677.44)
	832 268 888	679 859 054	22.42	146 700 265	467.33

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	145 474 442	120 117 513	21.11	91 428 950	59.11
Expenditure	173 207 572	167 632 123	3.33	116 114 956	49.17
Surplus / (Deficit)	(27 733 130)	(47 514 610)	(41.63)	(24 686 006)	12.34
Surplus / (Deficit) as % of total income	(19.06)%	(39.56)%		(27.00)%	

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REPORT OF THE CHIEF FINANCIAL OFFICER

3.2 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	10 392 418	9 688 998	7.26	10 088 139	3.02
Expenditure	5 265 021	3 687 465	42.78	4 502 680	16.93
Surplus / (Deficit)	5 127 397	6 001 533	(14.57)	5 585 459	(8.20)
Surplus / (Deficit) as % of total income	49.34%	61.94%		55.37%	

3.3 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R42 046 334 (2015: R36 849 364). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	51 354 991	40 143 375	27.93	42 025 866	22.20
Expenditure	57 491 001	50 742 150	13.30	57 464 630	0.05
Surplus / (Deficit)	(6 136 011)	(10 598 775)	(42.11)	(15 438 764)	(60.26)
Surplus / (Deficit) as % of total income	(11.95)%	(26.40)%		(36.74)%	

3.4 Water Services:

Water is bought in bulk from Lepelle Northern Water and "Uitloop Water Beleggings" and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R1 732 369 (2015: R1 963 257). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	14 543 801	6 125 621	137.43	3 157 310	360.64
Expenditure	5 316 038	5 055 610	5.15	6 082 970	(12.61)
Surplus / (Deficit)	9 227 763	1 070 011	762.40	(2 925 660)	(415.41)
Surplus / (Deficit) as % of total income	63.45%	17.47%		(92.66)%	

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REPORT OF THE CHIEF FINANCIAL OFFICER

4. RECONCILIATION OF BUDGET TO ACTUAL

4.1 Operating Budget:

DETAILS	2016	2015
<i>Variance per Category:</i>		
Budgeted surplus / (loss) before appropriations	(37 464 971)	29 466 899
Revenue variances	75 065 386	13 813 077
Expenditure variances:		
Employee Related Costs	(2 280 933)	(605 184)
Remuneration of Councillors	310 436	33 347
Depreciation and Amortisation	(15 246 743)	(36 208 568)
Impairment Losses	(32 560 055)	(63 446 896)
Repairs and Maintenance	1 267 707	3 142 873
Interest Paid	(8 130 454)	(5 603 887)
Bulk Purchases	5 648 967	4 567 979
Contracted Services	(5 470 649)	646 727
Grants and Subsidies Paid	(692 854)	205 345
General Expenses	40 182	2 946 447
Loss on disposal of Property, Plant and Equipment	-	-
Actual loss before appropriations	(19 513 981)	(51 041 841)

DETAILS	2016	2015
<i>Variance per Service Segment:</i>		
Budgeted loss before appropriations	(37 464 971)	(7 334 677)
Executive and Council	1 112 129	660 022
Budget and Treasury Office	(21 276 574)	(76 055 878)
Corporate Services	(2 103 039)	(707 314)
Planning and Development	(708 263)	173 146
Community and Social Services	979 433	4 361 197
Public Safety	4 474 979	3 451 025
Sport and Recreation	274 923	62 229
Waste Management	(215 973)	(357 283)
Waste Water Management	(242 089)	914 584
Roads and Transport	14 199 288	25 118 910
Water	12 153 423	3 582 541
Electricity	9 302 753	(4 910 344)
Actual loss before appropriations	(19 513 981)	(51 041 841)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

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REPORT OF THE CHIEF FINANCIAL OFFICER

5. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2016 amounted to R590 989 256 (30 June 2015: R610 503 237) and is made up as follows:

Accumulated Surplus	<u>590 989 256</u>
	<u>590 989 256</u>

Refer to Note 21 and the Statement of Change in Net Assets for more detail.

6. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2016 was R92 249 (30 June 2015: R261 714).

Refer to Note 18 and Appendix "A" for more detail.

7. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R16 623 618 as at 30 June 2016 (30 June 2015: R13 809 609) and is made up as follows:

Post-retirement Health Care Benefits Liability	14 654 119
Long Service Awards Liability	<u>1 969 499</u>
	<u>16 623 618</u>

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 19 for more detail.

8. NON-CURRENT PROVISIONS

Non-current Provisions amounted R5 273 533 as at 30 June 2016 (30 June 2015: R4 821 296) and is made up as follows:

Provision for Rehabilitation of Land-fill Sites	<u>5 273 533</u>
	<u>5 273 533</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 20 for more detail.

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REPORT OF THE CHIEF FINANCIAL OFFICER

9. CURRENT LIABILITIES

Current Liabilities amounted R122 906 798 as at 30 June 2016 (30 June 2015: R132 928 643) and is made up as follows:

Consumer Deposits	Note 13		1 282 783
Provisions	Note 14		657 771
Payables from Exchange Transactions	Note 15	120 222 721	
Payables from Non-exchange Transactions	Note 16		10 692
Unspent Conditional Grants and Receipts	Note 17		563 366
Current Portion of Long-term Liabilities	Note 18		169 465
			<hr/>
			122 906 798

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months).

Refer to the indicated Notes for more detail.

10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R650 989 448 as at 30 June 2016 (30 June 2015: R643 071 274).

Refer to Note 8 and Appendices "B, C and E (4)" for more detail.

11. INTANGIBLE ASSETS

The net value of Intangible Assets were R66 908 as at 30 June 2016 (30 June 2015: R66 908).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 9 and Appendix "B" for more detail.

12. INVESTMENT PROPERTY

The net value of Investment Properties were R29 579 775 as at 30 June 2016 (30 June 2015: R29 579 775).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 10 and Appendix "B" for more detail.

13. HERITAGE ASSETS

The net value of Heritage Assets were R8 756 727 as at 30 June 2016 (30 June 2015: R8 756 727).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 11 and Appendix "B" for more detail.

VENTERSDORP LOCAL MUNICIPALITY
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for the year ended 30 June 2016

REPORT OF THE CHIEF FINANCIAL OFFICER

14. NON-CURRENT INVESTMENTS

The municipality held Investments to the value of R214 119 as at 30 June 2016 (30 June 2015: R210 509).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note 12 for more detail.

15. CURRENT ASSETS

Current Assets amounted R46 278 478 as at 30 June 2016 (30 June 2015: R80 639 306) and is made up as follows:

Inventories	Note 2	2 850 996
Receivables from Exchange Transactions	Note 3	15 024 475
Receivables from Non-exchange Transactions	Note 4	18 680 946
VAT Receivable	Note 5	5 820 555
Cash and Cash Equivalents	Note 6	3 889 586
Operating Lease Assets	Note 7	11 919
		<hr/>
		46 278 478

The increase in the amount for Current Assets is mainly due to the increased amount for Cash and Cash Equivalents due to the non-payment of Payables.

Refer to the indicated Notes for more detail.

16. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 17 and 25, and Appendix "F" for more detail.

17. EVENTS AFTER THE REPORTING DATE

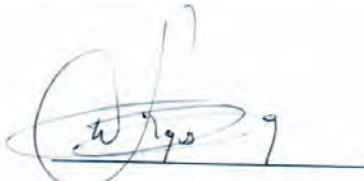
Ventersdorp municipality and Tlokwe municipality is in the process of being merged into a combined new municipality. The merger is due to occur on 3 August 2016. The name of the new municipality must still be confirmed. The preliminary name used is Northwest 405 Municipality (Ventersdorp/Tlokwe). All assets and liabilities of the municipality will be transferred to the new combined municipality as a result of the merger. Refer to notes 58 and 42.

VENTERSDORP LOCAL MUNICIPALITY
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REPORT OF THE CHIEF FINANCIAL OFFICER

18. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



CWK KGOSIEMANG

ACTING CHIEF FINANCIAL OFFICER
31 August 2016



VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

		Actual	
	Note	2016	2015
		R	Restated R
ASSETS			
Current Assets		46 278 478	80 639 306
Inventories	2	2 850 996	3 071 563
Receivables from Exchange Transactions	3	15 024 475	15 353 373
Receivables from Non-exchange Transactions	4	18 680 946	50 467 519
VAT Receivable	5	5 820 555	11 659 460
Cash and Cash Equivalents	6	3 889 586	76 615
Operating Lease Receivables	7	11 919	10 775
		689 606 976	681 685 193
Non-Current Assets			
Property, Plant and Equipment	8	650 989 448	643 071 274
Intangible Assets	9	66 908	66 908
Investment Property	10	29 579 775	29 579 775
Heritage Assets	11	8 756 727	8 756 727
Non-current Investments	12	214 119	210 509
Total Assets		735 885 454	762 324 499
LIABILITIES			
Current Liabilities		122 906 798	132 928 643
Consumer Deposits	13	1 282 783	1 280 315
Provisions	14	657 771	604 758
Payables from Exchange Transactions	15	120 222 721	115 258 278
Payables from Non-exchange Transactions	16	10 692	162 063
Unspent Conditional Grants and Receipts	17	563 366	15 381 485
Bank Overdraft	6	-	33 856
Current Portion of Long-term Liabilities	18	169 465	207 888
		21 989 400	18 892 618
Non-Current Liabilities			
Long-term Liabilities	18	92 249	261 714
Employee Benefit Liabilities	19	16 623 618	13 809 609
Non-current Provisions	20	5 273 533	4 821 296
Total Liabilities		144 896 198	151 821 261
Total Assets and Liabilities		590 989 256	610 503 237
NET ASSETS		590 989 256	610 503 237
Accumulated Surplus / (Deficit)	21	590 989 256	610 503 237
Total Net Assets		590 989 256	610 503 237

VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Note	Actual 2016 R	2015 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	22	11 826 368	10 398 205
Fines	23	41 254 378	31 375 047
Income from Agency Services	24	1 650 858	2 702 496
Government Grants and Subsidies Received	25	107 979 949	86 090 533
Revenue from Exchange Transactions			
Service Charges	26	57 335 126	44 206 518
Rental of Facilities and Equipment	27	76 056	79 578
Interest Earned - External Investments	28	709 602	642 670
Other Revenue	29	919 190	427 742
Gains on Other Operations	41	14 125	7 066
Profit on Sale of Land	30	-	145 649
Total Revenue		221 765 651	176 075 506
EXPENDITURE			
Employee Related Costs	31	49 411 833	43 988 354
Remuneration of Councillors	32	3 404 060	3 399 503
Depreciation and Amortisation	33	42 246 743	40 408 568
Impairment Losses	34	50 560 055	66 446 896
Repairs and Maintenance	35	7 629 733	4 907 087
Finance Costs	36	8 210 454	6 745 537
Bulk Purchases	37	43 778 703	38 812 621
Contracted Services	38	13 772 879	6 596 613
Grants and Subsidies Paid	39	2 204 354	422 635
General Expenses	40	20 060 818	15 389 534
Total Expenditure		241 279 633	227 117 347
SURPLUS / (DEFICIT) FOR THE YEAR		(19 513 981)	(51 041 841)

VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

Description	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R
2015		
Balance at 30 June 2014	503 783 548	503 783 548
Correction of Error (Note 43)	157 761 530	157 761 530
Balance as at 30 June 2014	661 545 079	661 545 079
Surplus / (Deficit) for the year ended 30 June 2015	(51 041 841)	(51 041 841)
Balance at 30 June 2015	610 503 237	610 503 237
2016		
Surplus / (Deficit) for the year ended 30 June 2016	(19 513 981)	(19 513 981)
Balance at 30 June 2016	590 989 256	590 989 256
	(0.00)	(0.00)



VENTERSDORP LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

		Actual	
		2016	2015
	Note	R	Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	22	28 259 222	4 121 786
Government Grant and Subsidies	25	93 161 830	89 430 852
Service Charges	26	44 779 073	25 904 070
Interest Received	28	709 602	642 670
Other Receipts	29	27 433 451	(8 113 771)
Payments			
Employee Related Costs	31	(46 544 811)	(43 223 290)
Remuneration of Councillors	32	(3 404 060)	(3 399 503)
Interest Paid	36	(7 758 217)	(6 332 081)
Suppliers Paid	38	(59 996 305)	(23 422 244)
Other Payments	40	(22 416 544)	(18 210 154)
NET CASH FLOWS FROM OPERATING ACTIVITIES		54 223 242	17 398 335
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(50 164 916)	(26 476 461)
Purchase of Heritage Assets	11	-	(80 598)
Proceeds from disposal of Investment Property	30	-	152 000
Increase in Non-current Investments	12	(3 610)	(6 882)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(50 168 526)	(26 411 941)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings	18	(207 888)	(229 403)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(207 888)	(229 403)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3 846 828	(9 243 009)
Cash and Cash Equivalents at Beginning of Period		42 759	9 285 768
Cash and Cash Equivalents at End of Period	6	3 889 586	42 759

VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	26 000 000	(22 400 000)	3 600 000	-	-	3 600 000	2 850 996	-	(749 004)	79.19	10.97
Receivables from Exchange Transactions	61 000 000	(15 500 000)	45 500 000	-	-	45 500 000	15 024 475	-	(30 475 525)	33.02	24.63
Receivables from Non-exchange Transactions	28 000 000	44 000 000	72 000 000	-	-	72 000 000	18 680 946	-	(53 319 054)	25.95	66.72
VAT Receivable	15 550 000	(8 200 000)	7 350 000	-	-	7 350 000	5 820 555	-	5 820 555	0.00	0.00
Cash and Cash Equivalents	-	-	-	-	-	-	3 889 586	-	(3 460 414)	52.92	25.01
Operating Lease Receivables	-	-	-	-	-	-	11 919	-	11 919	0.00	0.00
		- 95 000 000									
Non-Current Assets	399 000 000	- 28 695 000	494 000 000	-	-	494 000 000					
Property, Plant and Equipment	300 000	-	300 000	-	-	300 000	650 989 448	-	156 989 448	131.78	163.16
Intangible Assets	15 446 000	-	44 141 000	-	-	44 141 000	66 908	-	(233 092)	22.30	22.30
Investment Property	215 000	-	215 000	-	-	215 000	29 579 775	-	(14 561 225)	67.01	191.50
Heritage Assets	-	-	-	-	-	-	8 756 727	-	8 756 727	0.00	0.00
Non-current Investments	-	-	-	-	-	-	214 119	-	(881)	99.59	99.59
Total Assets	545 511 000	121 595 000	667 106 000	-	-	667 106 000	735 885 454	-	68 779 454	110.31	134.90
Current Liabilities											
Consumer Deposits	1 500 000	-	1 500 000	-	-	1 500 000	1 282 783	-	(217 217)	85.52	85.52
Provisions	-	-	-	-	-	-	657 771	-	657 771	0.00	0.00
Payables from Exchange Transactions	54 000 000	75 000 000	129 000 000	-	-	129 000 000	120 222 721	-	(8 777 279)	93.20	222.63
Payables from Non-exchange Transactions	-	-	-	-	-	-	10 692	-	10 692	0.00	0.00
Unspent Conditional Grants and Receipts	9 000 000	(9 000 000)	-	-	-	-	563 366	-	563 366	0.00	6.26
Operating Lease Liabilities	-	-	-	-	-	-	-	-	-	0.00	0.00
Bank Overdraft	-	-	-	-	-	-	-	-	-	0.00	0.00
Current Portion of Long-term Liabilities	2 400 000	(2 400 000)	-	-	-	-	169 465	-	169 465	0.00	7.06
Non-Current Liabilities											
Long-term Liabilities	-	-	-	-	-	-	92 249	-	92 249	0.00	0.00
Retirement Benefit Liabilities	-	-	-	-	-	-	16 623 618	-	16 623 618	0.00	0.00
Non-current Provisions	2 000 000	-	2 000 000	-	-	2 000 000	5 273 533	-	3 273 533	263.68	263.68
Total Liabilities	68 900 000	63 600 000	132 500 000	-	-	132 500 000	144 896 198	-	12 396 198	109.36	210.30
Total Assets and Liabilities	476 611 000	57 995 000	534 606 000	-	-	534 606 000	590 989 256	-	56 383 256	110.55	124.00
Net Assets (Equity)											
Accumulated Surplus / (Deficit)	476 611 000	57 995 000	534 606 000	-	-	534 606 000	590 989 256	-	56 383 256	110.55	124.00
Total Net Assets	476 611 000	57 995 000	534 606 000	-	-	534 606 000	590 989 256	-	56 383 256	110.55	124.00
							(0)		(0)		

VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	9 707 550	5 240 900	14 948 450	-	-	14 948 450	11 826 368	-	(3 122 082)	79.11	121.83
Fines	5 533 560	(1 000 000)	4 533 560	-	-	4 533 560	41 254 378	-	36 720 818	909.98	745.53
Licences and Permits	- 1 587 720	(1 262 720)	- 325 000	-	-	- 325 000	- 1 650 858	-	- 1 325 858	0.00	0.00
Income for Agency Services	69 404 000	680 000	70 084 000	-	-	70 084 000	107 979 949	-	37 895 949	507.96	103.98
Government Grants and Subsidies Received				-	-			-		154.07	155.58
Revenue from Exchange Transactions											
Service Charges	63 872 890	(8 601 575)	55 271 315	-	-	55 271 315	57 335 126	-	2 063 811		
Rental of Facilities and Equipment	115 070	- 41 400	115 070	-	-	115 070	76 056	-	(39 014)	103.73	89.76
Interest Earned - External Investments	628 600	404 350	670 000	-	-	670 000	709 602	-	39 602	66.10	66.10
Other Income	348 520	-	752 870	-	-	752 870	919 190	-	166 320	105.91	112.89
Gains on Other Operations	-	(209 600)	-	-	-	-	14 125	-	14 125	122.09	263.74
Gains on Disposal of Property, Plant and Equipment	- 209 600		-	-	-	-	-	-	-	0.00	0.00
Profit on Sale of Land			-	-	-	-	-	-	-	0.00	0.00
Total Revenue	151 407 510	(4 707 245)	146 700 265	-	-	146 700 265	221 765 651	-	75 065 386	151.17	146.47
Expenditure											
Employee Related Costs	43 859 930	3 270 970	47 130 900	-	-	47 130 900	49 411 833	2 280 933	2 280 933	104.84	112.66
Remuneration of Councillors	3 714 496	-	3 714 496	-	-	3 714 496	3 404 060	-	(310 436)	91.64	91.64
Depreciation and Amortisation	8 000 000	19 000 000	27 000 000	-	-	27 000 000	42 246 743	15 246 743	15 246 743	156.47	528.08
Impairment Losses	3 000 000	15 000 000	18 000 000	-	-	18 000 000	50 560 055	32 560 055	32 560 055	280.89	1 685.34
Repairs and Maintenance	8 371 710	525 730	8 897 440	-	-	8 897 440	7 629 733	-	(1 267 707)	85.75	91.14
Finance Costs	1 181 930	(1 101 930)	80 000	-	-	80 000	8 210 454	8 130 454	8 130 454	10 263.07	694.67
Bulk Purchases	49 427 670	-	49 427 670	-	-	49 427 670	43 778 703	-	(5 648 967)	88.57	88.57
Contracted Services	7 810 820	491 410	8 302 230	-	-	8 302 230	13 772 879	5 470 649	5 470 649	165.89	176.33
Grants and Subsidies Paid	835 360	676 140	1 511 500	-	-	1 511 500	2 204 354	692 854	692 854	145.84	263.88
General Expenses	19 868 380	232 620	20 101 000	-	-	20 101 000	20 060 818	-	(40 182)	99.80	100.97
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Expenditure	146 070 296	38 094 940	184 165 236	-	-	184 165 236	241 279 633	64 381 688	57 114 397	131.01	165.18
Surplus/(Deficit)	5 337 214	(42 802 185)	(37 464 971)	-	-	(37 464 971)	(19 513 981)	(64 381 688)	17 950 990	0.00	0.00
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	0.00	0.00
Surplus/(Deficit for the Year)	5 337 214	(42 802 185)	(37 464 971)	-	-	(37 464 971)	(19 513 981)	(64 381 688)	17 950 990	-	-

VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	2 808 000	8 545 000	11 353 000	-	-	11 353 000	28 259 222	16 906 222	16 906 222	248.91	1 006.38
Grants	95 383 000	1 001 000	96 384 000	-	-	96 384 000	93 161 830	-	(3 222 170)	96.66	97.67
Public Contributions and Donations	-	-	-	-	-	-	-	-	-	0.00	0.00
Service Charges	40 024 000	-	40 024 000	-	-	40 024 000	44 779 073	4 755 073	4 755 073	111.88	111.88
Interest Received	628 600	40 000	668 600	-	-	668 600	709 602	41 002	41 002	106.13	112.89
Other Receipts	7 326 000	(1 685 000)	5 641 000	-	-	5 641 000	27 433 451	21 792 451	21 792 451	486.32	374.47
Employee Related Costs	-	-	-	-	-	-	(46 544 811)	-	(46 544 811)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(3 404 060)	-	(3 404 060)	0.00	0.00
Interest Paid	(1 181 930)	1 102 000	(79 930)	-	-	(79 930)	(7 758 217)	-	(7 678 287)	0.00	0.00
Suppliers Paid	(151 488 000)	-	(151 488 000)	-	-	(151 488 000)	(59 996 305)	91 491 695	91 491 695	0.00	0.00
Other Payments	-	-	-	-	-	-	(22 416 544)	-	(22 416 544)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(27 420 000)	-	(27 420 000)	-	-	(27 420 000)	(50 164 916)	-	(22 744 916)	0.00	0.00
Decrease / (Increase) in Non-current Investments	-	-	-	-	-	-	(3 610)	-	(3 610)	0.00	0.00
Decrease / (Increase) in Long-term Receivables	32 370 000	-	32 370 000	-	-	32 370 000	-	-	(32 370 000)	0.00	0.00
Cash Flows from/(used in) Financing Activities											
Loans repaid	-	-	-	-	-	-	(207 888)	-	(207 888)	0.00	0.00
Cash and Cash Equivalents at End of the Year	(1 550 330)	9 003 000	7 452 670	-	-	7 452 670	3 846 828	134 986 443	(3 605 842)	51.62	0.00

VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	400 000	-	400 000	-	-	400 000	3 071 563	-	2 671 563	767.89	767.89
Receivables from Exchange Transactions	30 000 000	-	30 000 000	-	-	30 000 000	15 353 373	-	(14 646 627)	51.18	51.18
Receivables from Non-exchange Transactions	35 000 000	-	35 000 000	-	-	35 000 000	50 467 519	-	15 467 519	144.19	144.19
VAT Receivable	-	-	-	-	-	-	11 659 460	-	11 659 460	0.00	0.00
Cash and Cash Equivalents	12 463 000	571 000	13 034 000	-	-	13 034 000	76 615	-	(12 957 385)	0.59	0.61
Operating Lease Receivables	-	-	-	-	-	-	10 775	-	10 775	0.00	0.00
Non-Current Assets											
Property, Plant and Equipment	310 000 000	80 000 000	390 000 000	-	-	390 000 000	643 071 274	-	253 071 274	164.89	207.44
Intangible Assets	-	270 000	270 000	-	-	270 000	66 908	-	(203 092)	24.78	0.00
Investment Property	-	15 446 000	15 446 000	-	-	15 446 000	29 579 775	-	14 133 775	191.50	0.00
Heritage Assets	-	-	-	-	-	-	8 756 727	-	8 756 727	0.00	0.00
Non-current Investments	15 582 000	(15 378 000)	204 000	-	-	204 000	210 509	-	6 509	103.19	1.35
Total Assets	403 445 000	80 909 000	484 354 000	-	-	484 354 000	762 324 499	-	277 970 499	157.39	188.95
Current Liabilities											
Consumer Deposits	1 200 000	-	1 200 000	-	-	1 200 000	1 280 315	-	80 315	106.69	106.69
Provisions	-	-	-	-	-	-	604 758	-	604 758	0.00	0.00
Payables from Exchange Transactions	51 963 000	6 128 000	58 091 000	-	-	58 091 000	115 258 278	-	57 167 278	198.41	221.81
Payables from Non-exchange Transactions	-	-	-	-	-	-	162 063	-	162 063	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	15 381 485	-	15 381 485	0.00	0.00
Bank Overdraft	-	-	-	-	-	-	33 856	-	33 856	0.00	0.00
Current Portion of Long-term Liabilities	6 000 000	(3 500 000)	2 500 000	-	-	2 500 000	207 888	-	(2 292 112)	8.32	3.46
Non-Current Liabilities											
Long-term Liabilities	-	-	-	-	-	-	261 714	-	261 714	0.00	0.00
Retirement Benefit Liabilities	-	-	-	-	-	-	13 809 609	-	13 809 609	0.00	0.00
Non-current Provisions	4 000 000	-	4 000 000	-	-	4 000 000	4 821 296	-	821 296	120.53	120.53
Total Liabilities	63 163 000	2 628 000	65 791 000	-	-	65 791 000	151 821 261	-	86 030 261	230.76	240.36
Total Assets and Liabilities	340 282 000	78 281 000	418 563 000	-	-	418 563 000	610 503 237	-	191 940 237	145.86	179.41
Net Assets (Equity)											
Reserves	156 000	-	156 000	-	-	156 000	-	-	(156 000)	0.00	0.00
Accumulated Surplus / (Deficit)	340 126 000	78 281 000	418 407 000	-	-	418 407 000	610 503 237	-	192 096 237	145.91	179.49
Total Net Assets	340 282 000	78 281 000	418 563 000	-	-	418 563 000	610 503 237	-	191 940 237	145.86	179.41
							(0)		(0)		

VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	8 755 960	506 962	9 262 922	-	-	9 262 922	10 398 205	-	1 135 283	112.26	118.76
Fines	5 285 420	(5 310)	5 280 110	-	-	5 280 110	31 375 047	-	26 094 937	594.21	593.62
Licences and Permits	- 2 481 600	(966 600)	- 1 515 000	-	-	- 1 515 000	- 2 702 496	-	- 1 187 496	0.00	0.00
Income for Agency Services	89 317 000	(200)	89 316 800	-	-	89 316 800	86 090 533	-	(3 226 267)	178.38	108.90
Government Grants and Subsidies Received				-	-			-		96.39	96.39
Revenue from Exchange Transactions	55 688 969	(2 115 048)	53 573 921			53 573 921	44 206 518		(9 367 403)		
Service Charges	82 320	6 360	88 680	-	-	88 680	79 578	-	(9 102)	82.51	79.38
Rental of Facilities and Equipment	355 770	9 230	365 000	-	-	365 000	642 670	-	277 670	89.74	96.67
Interest Earned - External Investments	295 390	37 170	332 560	-	-	332 560	427 742	-	95 182	176.07	180.64
Other Income	-	-	-	-	-	-	7 066	-	7 066	128.62	144.81
Gains on Other Operations	-	- 200 000	- 200 000	-	-	- 200 000	- 145 649	-	(54 351)	0.00	0.00
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Profit on Sale of Land	-	-	-	-	-	-	-	-	-	72.82	0.00
Total Revenue	162 262 429	(2 327 436)	159 934 993	-	-	159 934 993	176 075 506	-	16 140 513	110.09	108.51
Expenditure											
Employee Related Costs	43 383 170	(1 352 000)	42 031 170	-	-	42 031 170	43 988 354	1 957 184	1 957 184	104.66	101.39
Remuneration of Councillors	3 432 850	-	3 432 850	-	-	3 432 850	3 399 503	-	(33 347)	99.03	99.03
Depreciation and Amortisation	4 200 000	-	4 200 000	-	-	4 200 000	40 408 568	36 208 568	36 208 568	962.11	962.11
Impairment Losses	3 000 000	-	3 000 000	-	-	3 000 000	66 446 896	63 446 896	63 446 896	2 214.90	2 214.90
Repairs and Maintenance	8 049 960	128 220	8 178 180	-	-	8 178 180	4 907 087	-	(3 271 093)	60.00	60.96
Finance Costs	1 141 650	-	1 141 650	-	-	1 141 650	6 745 537	5 603 887	5 603 887	590.86	590.86
Bulk Purchases	43 380 600	-	43 380 600	-	-	43 380 600	38 812 621	-	(4 567 979)	89.47	89.47
Contracted Services	7 243 340	(599 200)	6 644 140	-	-	6 644 140	6 596 613	-	(47 527)	99.28	91.07
Grants and Subsidies Paid	627 980	8 140	636 120	-	-	636 120	422 635	-	(213 485)	66.44	67.30
General Expenses	18 335 980	(359 020)	17 976 960	-	36 648 000	54 624 960	15 389 534	-	(39 235 427)	28.17	83.93
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Expenditure	132 795 530	(2 173 860)	130 621 670	-	36 648 000	167 269 670	227 117 347	107 216 534	59 847 677	135.78	171.03
Surplus/(Deficit)	29 466 899	(153 576)	29 313 323	-	(36 648 000)	(7 334 677)	(51 041 841)	(107 216 534)	(43 707 164)	0.00	0.00
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	0.00	0.00
Surplus/(Deficit for the Year)	29 466 899	(153 576)	29 313 323	-	(36 648 000)	(7 334 677)	(51 041 841)	(107 216 534)	(43 707 164)	-	-

VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	-	-	-	-	-	-	4 121 786	4 121 786	4 121 786	0.00	0.00
Grants	89 317 200	7 340 000	96 657 200	-	-	96 657 200	89 430 852	-	(7 226 348)	92.52	100.13
Service Charges	54 924 400	(2 130 026)	52 794 374	-	-	52 794 374	25 904 070	-	(26 890 304)	49.07	47.16
Interest Received	355 770	10 000	365 770	-	-	365 770	642 670	276 900	276 900	175.70	180.64
Other Receipts	-	-	-	-	-	-	(8 113 771)	-	(8 113 771)	0.00	0.00
Employee Related Costs	-	-	-	-	-	-	(43 223 290)	-	(43 223 290)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(3 399 503)	-	(3 399 503)	0.00	0.00
Interest Paid	(1 141 650)	-	(1 141 650)	-	-	(1 141 650)	(6 332 081)	-	(5 190 431)	0.00	0.00
Suppliers Paid	(129 251 849)	2 676 000	(126 575 849)	-	-	(126 575 849)	(23 422 244)	103 153 605	103 153 605	0.00	0.00
Other Payments	-	-	-	-	-	-	(18 210 154)	-	(18 210 154)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(28 809 000)	(7 840 000)	(36 649 000)	-	-	(36 649 000)	(26 476 461)	10 172 539	10 172 539	0.00	0.00
Purchase of Heritage Assets	-	-	-	-	-	-	(80 598)	-	(80 598)	0.00	0.00
Profit on Sale of Land	-	-	-	-	-	-	152 000	152 000	152 000	0.00	0.00
Decrease / (Increase) in Non-current Investments	-	-	-	-	-	-	(6 882)	-	(6 882)	0.00	0.00
Cash Flows from/(used in) Financing Activities											
Loans repaid	-	-	-	-	-	-	(229 403)	-	(229 403)	0.00	0.00
Increase / (Decrease) in Short-term Loans	200 000	7 898 003	8 098 003	-	-	8 098 003	-	-	(8 098 003)	0.00	0.00
Cash and Cash Equivalents at End of the Year	(14 405 129)	7 953 977	(6 451 152)	-	-	(6 451 152)	(9 243 009)	117 876 831	(2 791 857)	0.00	0.00

VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2015/16	2014/15
	R	R
Net surplus/(deficit) per the statement of financial performance	(19 513 981)	(51 041 841)
Revenue from Non-exchange Transactions		
Property Rates	3 122 082	(1 135 283)
Fines	(36 720 818)	(26 094 937)
Revenue for Agency Services	(1 325 858)	(1 187 496)
Government Grants and Subsidies Received	(37 895 949)	3 226 267
Revenue from Exchange Transactions		
Service Charges	(2 063 811)	9 367 403
Rental of Facilities and Equipment	39 014	9 102
Interest Earned - External Investments	(39 602)	(277 670)
Other Revenue	(166 320)	(95 182)
Gains on Other Operations	(14 125)	(7 066)
Profit on Sale of Land	-	54 351
Expenditure		
Employee Related Costs	2 280 933	1 957 184
Remuneration of Councillors	(310 436)	(33 347)
Depreciation and Amortisation	15 246 743	36 208 568
Impairment Losses	32 560 055	63 446 896
Repairs and Maintenance	(1 267 707)	(3 271 093)
Finance Costs	8 130 454	5 603 887
Bulk Purchases	(5 648 967)	(4 567 979)
Contracted Services	5 470 649	(47 527)
Grants and Subsidies Paid	692 854	(213 485)
General Expenses	(40 182)	(39 235 427)
Net surplus/deficit per approved budget	(37 464 971)	(7 334 677)

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2015 and 30 June 2016 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 9.2 on Revenue from Exchange Transactions and Accounting Policy 9.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 7.1 on Financial Assets Classification and Accounting Policy 7.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (*Financial Instruments*).

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.2.3 Impairment of Financial Assets

Accounting Policy 7.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**

The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 3 and 4 to the Annual Financial Statements.

1.2.4 Fair Value Estimations

As described in Accounting Policies 5.2, the municipality subsequently measures its Investment Property in terms of the *Fair Value Model*.

- **Investment Property** is measured at fair value amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.

1.2.5 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 2.3, 3.2 and 4.2, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.2.6 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 3.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 8.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash Generating Assets) and GRAP 26 (Impairment of Cash Generating Assets). In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Property, Plant and Equipment, Intangible Assets, Heritage Assets and Inventory are disclosed in Notes 2, 8, 9, 10 and 11 to the Annual Financial Statements, if applicable.

1.2.7 Water Inventory

The estimation of the Water Inventory in reservoirs is based on actual dip readings, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 8.2.2.

1.2.8 Defined Benefit Plan Liabilities

As described in Accounting Policy 11.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.2.9 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Provision for Rehabilitation of Refuse Landfill Sites

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factors as determined have been discounted to the net present value at 9.38%.

1.2.10 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis*.

1.5 Offsetting

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting - issued February 2011.
- GRAP 20 Related Party Disclosures (Revised)
- GRAP 32 Service Concession Arrangement Grantor - issued August 2013.
- GRAP 108 Statutory Receivables - issued September 2013
- IGRAP 17 Service Concession Arrangements where a Grantor controls a significant Residual Interest in an Asset - issued August 2013.

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not early adopted these Standards:

- GRAP 20 Related Party Disclosures (Revised)

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Property, Plant and Equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as Property, Plant and Equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment.

2.2 Subsequent Measurement

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Infrastructure		Other	
Roads and Paving	5 - 80	Buildings	10 - 40
Car Parks, Bus Terminals and Taxi	10 - 30	Motor Vehicles	3 - 15
Electricity	3 - 60	Abattoirs	30
Water	10 - 60	Office Equipment	3 - 20
Sewerage	10 - 60	Furniture and Fittings	3 - 15
Street lights	15 - 40	Airports	20
Housing	10 - 40	Security Measures	3 - 5
Landfill Sites	20 - 30	Plant and Equipment	2 - 15
Community		Other Plant and Equipment	2 - 30
Improvements	30	Markets	30
Recreational Facilities	5 - 40	Computer Equipment	5 - 10
Museums and Art Galleries	5 - 40	Library books	3 - 15

The assets' residual values, estimated useful lives and depreciation method are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

2.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

2.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure Assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure Assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

2.6 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

2.7 Leased Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

2.8 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. INTANGIBLE ASSETS

3.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an Intangible Asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

- (a) It is technically feasible to complete the Intangible Asset so that it will be available for use;
- (b) Management intends to complete the Intangible Asset and use or sell it;
- (c) There is an ability to use or sell the Intangible Asset;
- (d) It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
- (e) Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and
- (f) The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

3.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a *Straight-line Basis* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software	5			

Intangible Assets are annually tested for impairment as described in Accounting Policy 7 on Impairment of Assets, including Intangible Assets not yet available for use. Where items of Intangible Assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a Change in Accounting Estimate in the Statement of Financial Performance.

3.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an Intangible Asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4. INVESTMENT PROPERTY

4.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures Investment Property at cost including transaction costs once it meets the definition of Investment Property. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed Investment Property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:

- (a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- (b) Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
- (c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
- (d) A property owned by the municipality and leased out at a below market rental; and
- (e) Property that is being constructed or developed for future use as investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

- (a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale;
- (b) Property being constructed or developed on behalf of third parties;
- (c) Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- (d) Property that is leased to another entity under a finance lease;
- (e) Property held to provide goods and services and also generates cash inflows; and
- (f) Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

4.2 Subsequent Measurement

Fair Value Model:

Investment Property is measured using the *Fair Value Model*. Investment Property is carried at fair value, representing open market value determined by external valuers at the date of the last general valuation. Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset, if necessary. A gain or loss arising from a change in the fair value of Investment Property is included in the Statement of Financial Performance for the period in which it arises.

If the municipality determines that the fair value of an Investment Property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that Investment Property at cost until the fair value can be reliably determined or construction has been completed.

Where the municipality has determined that the fair value of an Investment Property (other than Investment Property under construction) is not determinable on a continuing basis, the municipality measures that Investment Property using the cost model (as per the Accounting Policy for Property, Plant and Equipment).

4.3 Derecognition

An Investment Property shall be derecognised (eliminated from the Statement of Financial Position) on disposal or when the Investment Property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

5. HERITAGE ASSETS

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

5.1 Initial Recognition

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

5.2 Subsequent Measurement

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

5.3 Derecognition

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

6. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

6.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

6.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Effective Interest Rate Method

The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

7.1 Financial Assets – Classification

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

- **Financial Assets measured at Amortised Cost** are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the *Effective Interest Rate Method* less a provision for impairment.
- **Financial Assets measured at Fair Value** are financial assets that meet either of the following conditions:
 - (i) Derivatives;
 - (ii) Combined instruments that are designated at fair value;
 - (iii) Instruments held for trading;
 - (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.
- **Financial Assets measured at Cost** are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Non-current Investments	Financial Assets at Fair Value
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

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7.2 Financial Liabilities – Classification

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

- (i) Financial Liabilities measured at Fair Value; Financial
- (ii) Liabilities measured at Amortised Cost; or Financial
- (iii) Liabilities measured at Cost.

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

7.3 Initial and Subsequent Measurement

7.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost*.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

7.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as *Other Liabilities*) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

7.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7.4.1 Financial Assets at Amortised Cost

Accounts Receivable encompass Long-term Debtors, Receivables from Exchange Transactions (Consumer Debtors) and Receivables from Non-exchange Transactions (Other Debtors).

Initially Accounts Receivable are valued at fair value excluding transaction costs, and subsequently carried at amortised cost using the *Effective Interest Rate Method*. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

7.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

7.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

7.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

8. INVENTORIES

8.1 Initial Recognition

Inventories comprise of current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

8.2 Subsequent Measurement

8.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the *FIFO* cost of commodities.

8.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the *FIFO Method*, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

8.2.3 Unsold Properties

Unsold properties are valued at the lower of cost and net realisable value on a *Weighted Average Cost Basis*. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

8.2.4 Other Arrangements

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

9. REVENUE RECOGNITION

9.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from Exchange Transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from Non-exchange Transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

9.2 Revenue from Exchange Transactions

9.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

9.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

9.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

9.2.4 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

9.2.5 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

9.2.6 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

9.2.7 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

9.2.8 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- (a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- (e) costs incurred or to be incurred in respect of the transaction can be measured reliably.

9.3 Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

9.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a *Time-proportionate Basis* with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

9.3.2 Fines

Fines constitute both spot fines and summonses. Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably.

Revenue for fines is recognised when the fine is issued at the full amount of the receivable, considering the allowance in terms of IGRAP 1 to use estimates to determine the amount of revenue that the municipality is entitled to collect.

Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not be made at the time of initial recognition.

9.3.3 Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

9.3.4 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

10. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

10.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

11. EMPLOYEE BENEFIT LIABILITIES

The municipality changed its Accounting Policy from IAS 19 to GRAP 25 with no effect on the financial information previously disclosed.

11.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

11.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

11.2.1 Defined Contribution Plans

A **Defined Contribution Plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

11.2.2 Defined Benefit Plans

A **Defined Benefit Plan** is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance. Past-service costs are recognised immediately in the Statement of Financial Performance.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the *Projected Unit Credit Method* basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance. Past-service costs are recognised immediately in the Statement of Financial Performance.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

12. LEASES

12.1 Classification

Leases are classified as **Finance Leases** where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as **Operating Leases**.

12.2 The Municipality as Lessee

12.2.1 Finance Leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

12.2.2 Operating Leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a *Straight-line Basis*, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

12.3 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

12.4 Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

13. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction; Expect
- (b) to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

VENTERSDORP LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

14. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

15. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the *First-In-First-Out Method* as defined by GRAP 12 (*Inventories*).

19. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

20. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

21. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

22. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

23. RELATED PARTIES

The municipality changed its Accounting Policy from IPSAS 20 to GRAP 20 with no effect on the financial information previously disclosed.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

25. COMPARATIVE INFORMATION

25.1 Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

25.2 Prior Year Comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

25.3 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2015 to 30 June 2016.

26. Mergers

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

The assets and liabilities that qualify for recognition by the combined entity or transfer and derecognition by the combining entities in a merger are normally governed by the terms and conditions of the binding arrangement. Such assets and liabilities must be part of what had been agreed in terms of the binding arrangement, rather than the result of separate transactions.

28.1 Initial Recognition

As of the merger date, all the assets acquired and liabilities assumed are recognised and measured at their carrying amounts.

The difference between the carrying amounts of the assets acquired and the liabilities assumed and any adjustments required to the basis of accounting, shall be recognised in accumulated surplus or deficit.

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, a provisional amount is recorded in the financial statements for the items for which the accounting is incomplete. During the measurement period, the provisional amounts recognised are adjusted retrospectively at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the combined entity receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. The measurement period shall not exceed two years from the merger date.

28.2 Subsequent Measurement

Any assets acquired and any liabilities assumed in a merger are subsequently measured in accordance with the applicable Standards of GRAP.

At the transfer date, the assets acquired and liabilities assumed shall be classified or designated as necessary in order to apply other Standards of GRAP subsequently. Those classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

1. GENERAL INFORMATION

Ventersdorp Local Municipality (the municipality) is a local government institution in Ventersdorp, North West Province, and is one of four local municipalities under the jurisdiction of the Dr Kenneth Kaunda District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

Consumable Stores	646 190	865 509
Property Stock	2 203 000	2 203 000
Water - at cost	1 805	3 054
Total Inventories	2 850 996	3 071 563

The **prior year amount** for *Inventory* has been restated for the recognition of Water Inventory held by the municipality in terms of GRAP 12. Refer to Note 43 on "Correction of errors" for details of the restatement.

The cost of water production for the year amounted to R 0.33 per kilolitre (2015: R 0.46 per kilolitre).

The cost of Inventories recognised as an expense during the year amounted to R 1,120,291 (2015: R 909,591).

General Expenses in the Statement of Financial Performance include R 53,105.20 in respect of write-downs of inventory to net realisable value.

No Inventories have been pledged as collateral for Liabilities of the municipality.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2016		
Service Debtors:	67 830 706	53 783 663
Electricity	29 949 928	20 610 613
Refuse	11 140 579	10 057 617
Sewerage	15 847 694	13 309 191
Water	10 892 506	9 806 241
Other Receivables	7 302 612	6 325 180
Property Rentals	66 488	-
Contour: Pre-paid electricity sales	71 250	-
Suspense Accounts	21 047	21 047
Other Debtors	7 143 827	6 325 180
Total Receivables from Exchange Transactions	75 133 318	60 108 843

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2015			
Service Debtors:	54 519 978	40 573 447	13 946 531
Electricity	25 350 818	15 167 769	10 183 050
Refuse	8 803 679	7 950 074	853 605
Sewerage	12 612 762	10 468 076	2 144 686
Water	7 752 718	6 987 528	765 190
Other Receivables	8 057 288	6 650 445	1 406 842
Property Rentals	21 204	-	21 204
Contour: Pre-paid electricity sales	937 449	-	937 449
Suspense Accounts	625		625
Other Debtors	7 098 010	6 650 445	447 565
Total Receivables from Exchange Transactions	62 577 266	47 223 892	15 353 373

The **prior year amount** for *Receivables from Exchange Transactions* has been restated due to re-allocation of suspense accounts. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Exchange Transactions* has been restated to account for debtors for property rentals as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Exchange Transactions* has been restated due to the adjustment of debt impairment which was under provided for in the 2014/15 financial year. Refer to Note 43 on "Change in Accounting Policy" for details of the restatement.

Receivables from Exchange Transactions are billed monthly, latest end of month.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2016, the municipality is owed R11 020 645 (30 June 2015: R9 667 183) by National and Provincial Government. The

municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Receivables as well as the current payment ratios of the municipality's Receivables.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2016

Total	Current	Past Due		
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days
Electricity:				
Gross Balances	3 118 499	1 913 434	2 048 000	22 869 995
Less: Provision for Impairment	1 572 307	737 531	1 119 679	17 181 096
Net Balances	1 546 192	1 175 903	928 320	5 688 899
Refuse:				
Gross Balances	298 537	265 886	309 181	10 266 974
Less: Provision for Impairment	221 355	212 985	210 900	9 412 378
Net Balances	77 183	52 901	98 282	854 596
Sewerage:				
Gross Balances	466 928	414 327	746 358	14 220 080
Less: Provision for Impairment	306 811	295 868	291 001	12 415 512
Net Balances	160 118	118 459	455 357	1 804 569
Water:				
Gross Balances	450 464	398 818	362 037	9 681 187
Less: Provision for Impairment	356 727	334 825	310 376	8 804 314
Net Balances	93 737	63 994	51 661	876 872
Other Receivables:				
Gross Balances	30 151	1 383	27 981	7 084 312
Less: Provision for Impairment	16 306	-	-	6 308 874
Net Balances	13 845	1 383	27 981	775 438

As at 30 June Receivables of R12 974 616 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	2 993 849	3 493 557	64 122 548	70 609 954
Less: Provision for Impairment	1 581 208	1 931 956	54 122 174	57 635 338
Net Balances	1 412 641	1 561 601	10 000 374	12 974 616

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

As at 30 June 2015

Total	Current	Past Due		
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days
Electricity:				
Gross Balances	3 965 444	2 893 155	999 806	18 064 173
Less: Provision for Impairment	1 685 878	836 872	605 999	12 039 019
Net Balances	2 279 566	2 056 282	393 807	6 025 154
Refuse:				
Gross Balances	263 658	236 586	220 510	8 089 830
Less: Provision for Impairment	191 361	188 872	185 653	7 384 188
Net Balances	72 298	47 714	34 856	860 511
Sewerage:				
Gross Balances	410 988	382 404	334 849	11 496 134
Less: Provision for Impairment	256 866	257 719	247 933	9 705 559
Net Balances	154 122	124 685	86 917	2 156 299
Water:				
Gross Balances	439 599	240 366	295 688	6 784 787
Less: Provision for Impairment	366 162	177 024	247 496	6 196 846
Net Balances	73 437	63 342	48 192	772 912
Other Receivables:				
Gross Balances	8 141	2 642	1 302	7 224 503
Less: Provision for Impairment	1 033	321	1 302	6 647 789
Net Balances	7 108	2 321	-	576 713

As at 30 June Receivables of R12 544 142 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	3 755 153	1 852 155	51 659 426	57 266 734
Less: Provision for Impairment	1 460 808	1 288 383	41 973 401	44 722 592
Net Balances	2 294 345	563 772	9 686 024	12 544 142

3.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2016				
Current:				
0 - 30 days	1 592 115	646 761	466 708	1 658 996
Past Due:				
31 - 60 Days	1 161 990	462 680	303 588	1 065 591
61 - 90 Days	1 519 125	384 934	1 063 748	525 749
+ 90 Days	39 885 370	7 857 983	3 980 707	12 398 488
Sub-total	44 158 599	9 352 358	5 814 752	15 648 825
Less: Provision for Impairment	40 153 650	7 951 584	-	12 003 610
Total Trade Receivables by Customer Classification	4 004 950	1 400 774	5 814 752	3 645 215

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

			2016 R	2015 R
	Household Provincial Government R	Industrial/ R	National and Other Commercial R	R
As at 30 June 2015				
<i>Current:</i>				
0 - 30 days	1 555 204	1 222 312	629 613	1 680 702
<i>Past Due:</i>				
31 - 60 Days	742 248	634 865	1 738 187	639 854
61 - 90 Days	732 906	220 992	207 476	690 781
+ 90 Days	22 974 338	7 080 847	4 901 339	16 702 902
Sub-total	26 004 695	9 159 016	7 476 615	19 714 239
Less: Provision for Impairment	23 487 308	7 811 824	-	15 924 760
Total Trade Receivables by Customer Classification	2 517 387	1 347 192	7 476 615	3 789 479
			2016 R	2015 R

3.3 Reconciliation of the Provision for Impairment

Balance at beginning of year	47 223 892	12 166 472
Impairment Losses recognised	12 884 951	35 057 420
Balance at end of year	60 108 843	47 223 892

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

3.4 Ageing of impaired Receivables from Exchange Transactions

<i>Current:</i>		
0 - 30 Days	2 473 505	2 501 300
<i>Past Due:</i>		
31 - 60 Days	1 581 208	1 460 808
61 - 90 Days	1 931 956	1 288 383
+ 90 Days	54 122 174	41 973 401
Total	60 108 843	47 223 892

3.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2016		
Assessment Rates Debtors	17 269 519	10 544 950
Department of Community Safety & Transport Management - Commission on licence fees	830 649	-
Eskom Deposits	3 590 256	-
Traffic Fines	81 275 452	73 751 068
Sundry debtors	11 089	-
Total Receivables from Non-exchange Transactions	102 976 964	84 296 018
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2015		
Assessment Rates Debtors	33 702 373	7 581 054
Grant Expenditure Recoverable	14 843 000	-
Eskom Deposits	3 366 779	-
Traffic Fines	45 176 281	39 039 860
Total Receivables from Non-exchange Transactions	97 088 433	46 620 914

The **prior year amount** for *Receivables from Non-exchange Transactions* has been restated to account for a provision for impairment on Receivables for traffic fines in terms of the prescriptions of IGRAP 1, previously not accrued for. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Non-exchange Transactions* has been restated due to the adjustment of debt impairment on assessment rates debtors which was under provided for in the 2014/15 financial year. Refer to Note 43 on "Change in Accounting Policy" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Exchange Transactions* has been restated due to re-allocation of suspense accounts. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Exchange Transactions* has been restated due to the retrospective correction of rates on Government and other accounts in 2016 affecting assessment rates debtors as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Sundry Deposits are in respect of cash deposits made to Eskom for the supply of electricity.

Sundry Debtors are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratios of Other Debtors were also taken into account for fair value determination.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2016

Total	Current	Past Due		
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days

Assessment Rates:

Gross Balances	902 904	2 385 479	728 280	13 252 855	17 269 519
Less: Provision for Impairment	393 895	517 643	356 572	9 276 840	10 544 950
Net Balances	509 010	1 867 836	371 709	3 976 015	6 724 569

Sundry Deposits:

Gross Balances	3 590 256	-	-	-	3 590 256
Less: Provision for Impairment	-	-	-	-	-
Net Balances	3 590 256	-	-	-	3 590 256

Sundry Debtors:

Gross Balances	82 106 101	-	-	-	82 106 101
Less: Provision for Impairment	73 751 068	-	-	-	73 751 068
Net Balances	8 355 033	-	-	-	8 355 033

As at 30 June Receivables of R6 215 559 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	2 385 479	728 280	13 252 855	16 366 615
Less: Provision for Impairment	517 643	356 572	9 276 840	10 151 055
Net Balances	1 867 836	371 709	3 976 015	6 215 559

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

As at 30 June 2015

Total

Current	Past Due		
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days

Assessment Rates:

Gross Balances
 Rates correction in 2016
 Less: Provision for Impairment

752 653	649 790	593 445	8 682 866	10 678 753
142 858	142 858	142 858	22 593 329	23 021 905
386 925	381 592	363 797	6 448 739	7 581 054
508 586	411 056	372 506	24 827 456	26 119 604

Net Balances

Grant Expenditure Recoverable:

Gross Balances
 Less: Provision for Impairment

14 843 000	-	-	-	14 843 000
-	-	-	-	-
14 843 000	-	-	-	14 843 000

Net Balances

Sundry Deposits:

Gross Balances
 Less: Provision for Impairment

3 366 779	-	-	-	3 366 779
-	-	-	-	-
3 366 779	-	-	-	3 366 779

Net Balances

Sundry Debtors:

Gross Balances
 Less: Provision for Impairment

45 176 281	-	-	-	45 176 281
39 039 860	-	-	-	39 039 860
6 136 421	-	-	-	6 136 421

Net Balances

As at 30 June Receivables of R25 611 018 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances
 Rates correction in 2016
 Less: Provision for Impairment

649 790	593 445	8 682 866	9 926 101
142 858	142 858	22 593 329	22 879 046
381 592	363 797	6 448 739	7 194 129
411 056	372 506	24 827 456	25 611 018

Net Balances

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R		
4.2 Summary of Assessment Rates Debtors by Customer Classification				
	Household Provincial Government R	Industrial/ R	National and Other Commercial R	R
As at 30 June 2016				
<u>Current:</u>				
0 - 30 days	201 998	131 805	255 647	313 454
<u>Past Due:</u>				
31 - 60 Days	200 246	105 256	1 665 163	414 814
61 - 90 Days	116 056	75 258	257 741	279 226
+ 90 Days	3 953 535	1 008 042	3 027 343	5 263 935
Sub-total	4 471 835	1 320 361	5 205 893	6 271 430
Less: Provision for Impairment	3 825 188	746 071	-	5 973 691
Total Rates Debtors by Customer Classification	646 646	574 290	5 205 893	297 739

	Household Provincial Government R	Industrial/ R	National and Other Commercial R	R
As at 30 June 2015				
<u>Current:</u>				
0 - 30 days	195 476	136 745	157 190	263 242
<u>Past Due:</u>				
31 - 60 Days	139 082	98 604	156 073	256 031
61 - 90 Days	112 749	79 950	153 987	246 758
+ 90 Days	2 499 055	854 203	1 723 318	3 606 291
Sub-total	2 946 362	1 169 503	2 190 568	4 372 321
Rates correction in 2016	-	-	22 461 636	560 269
Less: Provision for Impairment	2 547 836	765 490	-	4 267 728
Total Rates Debtors by Customer Classification	398 525	404 013	24 652 204	664 862

	2016 R	2015 R
4.3 Reconciliation of Provision for Impairment		
Balance at beginning of year	46 620 914	15 231 438
Impairment Losses recognised	37 675 104	31 389 476
Balance at end of year	84 296 018	46 620 914

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits, which are not covering the total outstanding debt and vacant property respectively.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors and receivables from traffic fines as the management is of the opinion that all Receivables are recoverable within normal credit terms.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
5. VAT RECEIVABLE		
Vat Receivable	5 820 555	11 659 460
<p>The prior year amount for <i>VAT Receivable</i> has been restated due to the correction of VAT over claimed during the period June 2012 to June 2014 as per SARS audit. Refer to Note 43 on "Correction of Error" for details of the restatement.</p> <p>Furthermore, the prior year amount for <i>VAT Receivable</i> has been restated due to the recognition of VAT on rent receivable as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.</p> <p>Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.</p> <p>No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.</p>		
6. CASH AND CASH EQUIVALENTS		
Current Investments	3 205 040	24 028
Bank Accounts	683 907	48 947
Bank Overdraft	-	(33 856)
Cash and Cash Equivalents	640	3 640
Total Bank, Cash and Cash Equivalents	3 889 586	42 759
<p>For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.</p>		
6.1 Current Investment Deposits		
Call Deposits	3 205 040	24 028
Total Current Investment Deposits	3 205 040	24 028
<p>Call Deposits are investments with a maturity period of less than 3 months and earn interest at 6.5% per annum.</p>		
Deposits attributable to Unspent Conditional Grants	563 366	24 028
Deposits attributable to Creditors	2 641 674	-
Total Deposits attributable to Commitments of the Municipality	3 205 040	24 028
6.2 Bank Accounts		
Cash in Bank	683 907	48 947
Bank Overdraft	-	(33 856)
Total Bank Accounts	683 907	15 091

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

The Municipality has the following bank accounts:

Primary Bank Account

ABSA Bank - Ventersdorp - Account Number 22 5000 0017:

Cash book balance at beginning of year	27 810	10 090
Cash book balance at end of year	110 107	27 810
	<hr/>	<hr/>
Bank statement balance at beginning of year	29 015	10 969
Bank statement balance at end of year	110 107	29 015
	<hr/>	<hr/>

First National Bank - Ventersdorp - Account Number 624 1324 6241:

Cash book balance at beginning of year	(33 856)	(8 955 841)
Cash book balance at end of year	447 080	(33 856)
	<hr/>	<hr/>
Bank statement balance at beginning of year	539 189	951 502
Bank statement balance at end of year	375 900	539 189
	<hr/>	<hr/>

Fines Account

First National Bank - Ventersdorp - Account Number 624 1345 4133:

Cash book balance at beginning of year	19 967	105 622
Cash book balance at end of year	115 064	19 967
	<hr/>	<hr/>
Bank statement balance at beginning of year	19 967	105 622
Bank statement balance at end of year	115 064	19 967
	<hr/>	<hr/>

TMT Account

ABSA Bank - Ventersdorp - Account Number 91 1105 1672:

Cash book balance at beginning of year	1 171	2 500
Cash book balance at end of year	11 657	1 171
	<hr/>	<hr/>
Bank statement balance at beginning of year	1 171	2 500
Bank statement balance at end of year	11 657	1 171
	<hr/>	<hr/>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

6.3 Cash and Cash Equivalents

Cash Floats and Advances	640	3 640
	<hr/>	<hr/>
Total Cash on hand in Cash Floats, Advances and Equivalents	640	3 640
	<hr/>	<hr/>

The **prior year amount** for Cash and cash equivalents has been restated to disclose the prior year bank overdraft as a current liability. Refer to Note 43 on "Correction of Error" for details of the restatement.

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

	2016 R	2015 R
Balance at beginning of year	10 775	6 759
	1 144	4 016
Operating Lease Revenue recorded	48 227	46 567
Operating Lease Revenue effected	(47 083)	(42 551)
Total Operating Lease Receivables	11 919	10 775

The **prior year amount for Operating Lease Receivables** has been restated to correctly disclose the amount for Operating Lease Receivables in terms of the Lease Register. Refer to Note 43 on "Correction of Error" for details of the restatement.

7.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of between 0.5 to 10 (2015: 3 to 10) years, with an option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

7.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	36 499	41 083
2 to 5 years	84 293	102 768
More than 5 years	10 859	28 884
Total Operating Lease Arrangements	131 652	172 735

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R 1,144 (2015: increase of R 4,015) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

8 PROPERTY, PLANT AND EQUIPMENT 30

June 2016

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2015	38 140 320	563 073 011	31 019 813	10 838 131	643 071 274
Cost	71 269 314	1 034 035 193	40 120 469	17 262 771	1 162 687 747
Accumulated Depreciation:	(33 128 994)	(470 962 182)	(9 100 656)	(6 424 640)	(519 616 473)
Acquisitions	78 263	46 702 896	2 377 072	1 006 685	50 164 916
Depreciation:	(1 372 304)	(38 581 157)	(999 573)	(1 293 709)	(42 246 743)
Carrying value of Disposals:	-	-	-	-	-
- Cost	-	-	-	(300 000)	(300 000)
- Accumulated Depreciation	-	-	-	300 000	300 000
Carrying values at 30 June 2016	36 846 279	571 194 750	32 397 312	10 551 107	650 989 448
Cost	71 347 577	1 080 738 089	42 497 541	17 969 456	1 212 552 664
Accumulated Depreciation:	(34 501 298)	(509 543 339)	(10 100 229)	(7 418 349)	(561 563 216)

30 June 2015 Reconciliation of

Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2014	39 457 164	583 430 617	22 038 425	12 077 175	657 003 381
Cost	71 217 609	1 017 619 555	30 158 257	17 215 866	1 136 211 286
Accumulated Depreciation:	(31 760 446)	(434 188 937)	(8 119 832)	(5 138 691)	(479 207 905)
Acquisitions	51 705	16 415 638	9 962 212	46 905	26 476 461
Depreciation:	(1 368 548)	(36 773 245)	(980 825)	(1 285 950)	(40 408 568)
Carrying values at 30 June 2015	38 140 320	563 073 011	31 019 813	10 838 131	643 071 274
Cost	71 269 314	1 034 035 193	40 120 469	17 262 771	1 162 687 747
Accumulated Depreciation:	(33 128 994)	(470 962 182)	(9 100 656)	(6 424 640)	(519 616 473)

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

The **prior year amount** for *Property, Plant and Equipment* has been restated. Refer to Note 43 on "Correction of Error" for details of the restatement.

8.1 Assets pledged as security

The municipality did not pledge any of its assets as security.

8.2 Impairment of Property, Plant and Equipment

Impairment of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and was included in the Depreciated Replacement Cost calculations during the exercise. The amounts for impairment were not calculated separately and therefore no impairment values are disclosed.

8.3 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

The Remaining Useful Life of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and was included in the Depreciated Replacement Cost calculations during the exercise.

8.4 Property, Plant and Equipment (Work In Progress):

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

Work in progress for the year ended 30 June consisted of the following:

	2016 R	2015 R
Roads	14 914 667	-
Electricity	5 529 757	2 563 191
Sewer	8 103 555	6 491 363
Water	12 123 701	560 671
Community Halls	2 330 638	507 325
Balance at end of the year	43 002 318	10 122 550

9 INTANGIBLE ASSETS

<u>At Cost less Accumulated Amortisation and Accumulated Impairment Losses</u>	66 908	66 908
--	---------------	---------------

The movement in Intangible Assets is reconciled as follows:

Carrying values at 01 July 2015

Cost	66 908
Accumulated Amortisation	-

Carrying values at 30 June 2016

Cost	66 908
Accumulated Amortisation	-

Total

Carrying values at 01 July 2014

Cost	66 908
Accumulated Amortisation	-

Carrying values at 30 June 2015

Cost	66 908
Accumulated Amortisation	-

The **prior year amount** for *Intangible Assets* has been restated. Refer to Note 43 on "Correction of Error" for details of the restatement.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

The municipality's Intangible Assets have indefinite useful lives and are therefore not amortised.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

10 INVESTMENT PROPERTY

At Fair Value

29 579 775 29 579 775

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July

Fair Value

29 579 775 29 586 125

29 579 775	29 586 125
------------	------------

Acquisitions during the Year

- -

Disposals during the Year:

- (6 351)

Carrying values at 30 June

Fair Value

29 579 775

29 579 775

29 579 775	29 579 775
------------	------------

The prior year amount for *Investment Property* has been restated to correctly disclose the properties held as Investment Property in terms of GRAP 16. Refer to Note 43 on "Correction of Error" for details of the restatement.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11 HERITAGE ASSETS

At Cost less Accumulated Impairment Losses

8 756 727

8 756 727

The movement in Heritage Assets is reconciled as follows:

Carrying values at 01 July 2015

Cost

8 756 727

Accumulated Impairment

8 756 727

-

Acquisitions

-

Carrying values at 30 June 2016

Cost

8 756 727

Accumulated Impairment Losses

8 756 727

-

Total

8 676 129

Carrying values at 01 July 2014

Cost

8 676 129

Accumulated Impairment

-

Acquisitions

80 598

Carrying values at 30 June 2015

Cost

8 756 727

Accumulated Impairment Losses

8 756 727

-

Heritage Assets have been restated to account for Heritage Assets in terms of GRAP 103. Refer to Note 43 on "Correction of Error" for details of the restatement.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

12 NON-CURRENT INVESTMENTS

Designated at fair value

Listed Investments - Shares	65 368	70 830
Unit Trusts - Old Mutual Investment Plan	148 751	139 679

Total Non-current Investments

214 119	210 509
----------------	----------------

Listed Shares are investments in shares of public companies with no specific maturity dates or interest rates. Unit trusts are portfolios of stock exchange securities in which investors can buy units. Listed shares and unit trusts are measured at fair value using quoted market prices.

The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

13 CONSUMER DEPOSITS

Electricity and water	1 282 783	1 280 315
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Total Consumer Deposits

1 282 783	1 280 315
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No guarantees are held in lieu of consumer deposits.

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

14 PROVISIONS

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 19)	327 215	425 823
Current Portion of Long-term Service Liability (See Note 19)	330 556	178 935

Total Provisions

657 771	604 758
----------------	----------------

The **prior year amount** for *Current Provisions* has been restated due to the recognition of the current portion of Post Employment Medical Aid and Long-term Service liability as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

15 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors	101 203 260	98 439 494
Retentions	6 721 567	4 970 670
Other Creditors	754 451	618 745
Payments Received In Advance	5 742 387	4 343 325
Staff Bonuses	821 446	729 155
Staff Leave	4 881 892	4 380 774
Suspense Accounts	97 718	1 776 115
Total Payables	120 222 721	115 258 278

The **prior year amount** for *Payables from Exchange Transactions* has been restated due to re-allocation of accounts. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Payables from Exchange Transactions* has been restated to account for payments received in advance and creditors which existed as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Payables from Exchange Transactions* has been restated to correctly classify amounts held for Staff Leave accrued erroneously calculated in the previous financial year. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Payables from Exchange Transactions* has been restated to account for Staff Bonuses which was not calculated in the previous financial year. Refer to Note 43 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

Staff Bonuses accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

16 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Sundry Deposits
 Department of Community Safety & Transport Management - Commission on licence fees

10 692	11 059
0	151 004

Total Payables

10 692	162 063
---------------	----------------

The **prior year amount** for *Payables from Exchange Transactions* has been restated due to re-allocation of accounts. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Payables from Non-exchange Transactions* has been restated due to the correction of the balance payable to the Department of Community Safety and Transport Management as at 30 June 2014. Refer to Note 43 on "Correction of Error" for details of the restatement.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

17.1 Conditional Grants from Government

National Government Grants:

National: Finance Management Grant (FMG) National:
 Municipal Infrastructure Grant (MIG) National: Project
 Management Unit Grant (PMU)
 National: Municipal Systems Improvement Grant (MSIG) National:
 Integrated National Electrification Program (INEP) National:
 Department of Water Affairs & Forestry (DWAF)

Provincial Government Grants:

Provincial: Department of Public Works - Expanded Public Works Program Grant (EPWP) Provincial:
 Department of Arts & Culture - Library Grant
 Provincial: Department of Local Government - Provincial Infrastructure Grant (PIG)

563 366	15 381 485
----------------	-------------------

(0)	863 682
-	5 371 314
-	514 036
-	755 290
-	4 667 504
16 430	
546 937	607 613
-	418 617
	2 183 429

Total Conditional Grants and Receipts

563 366	15 381 485
----------------	-------------------

The **prior year amount** for *Unspent Conditional Grants and Receipts* has been restated to account for a transfer of 5% from MIG to PMU.

Furthermore, the **prior year amount** for *Unspent Conditional Grants and Receipts* has been restated to limit the DWAF amount recognised as revenue to the unspent balance as at 30 June 2014 and the grants received for the year ended 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 25 for the reconciliation of Grants from Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

The allocation of equitable share in the 2015/16 financial year, has been reduced by R 13,200,000 due to non-spending of grants by the municipality.

Refer to Appendix "F" for more detail on Conditional Grants.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

18 LONG-TERM LIABILITIES

Annuity Loans	261 714	412 065
Finance Lease Liabilities		- 57 536
Sub-total	261 714	469 601
Less: Current Portion transferred to Current Liabilities:-	169 465	207 888
Annuity Loans	169 465	150 352
Finance Lease Liabilities		- 57 536
Total Long-term Liabilities (Neither past due, nor impaired)	92 249	261 714

The **prior year amount** for *Long-term Liabilities* has been restated to account for interest in arrears on DBSA loans and to recognise the current portion of Long-term liabilities as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for Long-Term Liabilities has been restated to account for a finance lease which existed as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

18.1 Summary of Arrangements

The Annuity Loan is repaid over a remaining period of 2 (2015: 3) years and at an interest rate of 12,00% (2015: 12,00%) per annum. The Annuity Loan is not secured.

Finance Lease Liabilities relates to Telephone Equipment with a remaining lease term of zero (2015: 3) months. The effective interest rate on Finance Leases is 42%. Capitalised Lease Liabilities are secured over the items of equipment leased.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

18.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to Telephone Equipment with lease terms of 5 years and 3 months (2015: 5 years). The effective interest rate on the Finance Lease liability is 42% (2015: 42%). The telephone system was installed at the municipality until December 2015.

The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2016 R	2015 R	2016 R	2015 R
Amounts payable under finance leases:				
Within one year	-	64 432	-	57 536
In the second to fifth years, inclusive	-	-	-	-
Over five years	-	-	-	-
		64 432	-	57 536
Less: Future Finance Obligations	-	6 896	-	-
<u>Present Value of Minimum Lease Obligations</u>		57 536	-	57 536
Less: Amounts due for settlement within 12 months (Current Portion)			-	(57 536)
<u>Finance Lease Obligations due for settlement after 12 months (Non-current Portion)</u>			-	-

The municipality has finance lease agreements for the following class of assets:

- Office Equipment

Included in these classes are the following significant leases:

- (i) Telephone system
 - Instalments are payable monthly in advance
 - Annual escalation
 - Average effective interest rate,
 - Average monthly instalment

0%
 42.00%
 R 11 982.45

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19 EMPLOYEE BENEFIT LIABILITIES

Post-retirement Health Care Benefits Liability	14 654 119	11 776 373
Long Service Awards Liability	1 969 499	2 033 236

Total Employee Benefit Liabilities	16 623 618	13 809 609
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The **prior year amount** for *Employee Benefit Liabilities* has been restated to correctly disclose the amount for Long-Service Award Liability in terms of GRAP 25, previously recognised as a non-current provision. Refer to Note 43 on "Correction of Error" for details of the restatement.

19.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	12 202 196	11 201 303
Contributions to Provision	2 779 138	1 000 893
Current service cost	808 355	593 236
Increase due to discounting	1 079 551	969 217
Less: Employer contributions made	(425 823)	(404 620)
Less: Actuarial (gains) & losses	1 317 055	(156 940)
	14 981 334	12 202 196
Balance at end of Year		
Transfer to Current Provisions	(327 215)	(425 823)

Total Post-retirement Health Care Benefits Liability	14 654 119	11 776 373
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The **prior year amount** for Post-retirement Health Care Benefit Liability has been restated to include in-service members as at 30 June 2015 whose liability was not recognised in the prior year's valuation. Refer to Note 43 on "Correction of Error" for details of the restatement.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the defined benefit obligation were carried out as at 30 June 2015 and 30 June 2016 by the Matlotlo Group - Mr Ranti Mothapo a fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	139	137
Continuation Members (Retirees, widowers and orphans)	9	9
Total Members	148	146

The liability in respect of past service has been estimated as follows:

In-service Members	11 431 676	8 865 178
Continuation Members	3 549 658	3 337 018
Total Liability	14 981 334	12 202 196

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Key Health Medical Scheme
- LA Health Medical Scheme
- Samwumed
- Hosmed Medical Aid
- Bonitas Medical Fund

The Current-service Cost for the year ending 30 June 2016 is estimated to be R 808,355 whereas the cost for the ensuing year is estimated to be R 982,052 (30 June 2015: R 593,236 and R 808,355 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	9.84%	9.15%
Health care cost inflation rate	9.29%	8.58%
Expected CPI rate	7.79%	7.08%
Expected salary inflation rate	8.79%	8.08%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65
Mortality tables	SA85-90	SA85-90
Mortality tables post retirement	PA(90)	PA(90)

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	12 202 196	11 201 303
Current service costs	808 355	593 236
Interest cost	1 079 551	969 217
Actuarial losses / (gains)	1 317 055	(156 940)
Benefits paid	(425 823)	(404 620)

Total Recognised Benefit Liability	14 981 334	12 202 196
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	14 981 334	12 202 196
Fair value of plan assets	-	-

Total Benefit Liability	14 981 334	12 202 196
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The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	808 355	593 236
Interest cost	1 079 551	969 217
Actuarial losses / (gains)	1 317 055	(156 940)
Benefits paid	(425 823)	(404 620)
Total Post-retirement Benefit included in Employee Related Costs (Note 31)	2 779 138	1 000 893

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	2016	2016	2015	2015
	% change in	% change in	% change in	% change in
	provision	provision	provision	provision
	<i>Continuation</i>	<i>In-Service</i>	<i>Continuation</i>	<i>In-Service</i>
	<i>Members</i>	<i>Members</i>	<i>Members</i>	<i>Members</i>
Increase:				
Effect on the aggregate of the current interest cost	8.73%	9.34%	6.51%	9.09%
Effect on the aggregate of the current service cost	Nil	9.91%	Nil	9.72%
Effect on the defined benefit obligation	8.66%	9.34%	6.41%	9.10%
Decrease:				
Effect on the aggregate of the current interest cost	-7.70%	-9.11%	-7.26%	-8.96%
Effect on the aggregate of the current service cost	Nil	-9.30%	Nil	-9.16%
Effect on the defined benefit obligation	-7.63%	-9.11%	-7.18%	-8.96%

Refer to Note 52, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19.2 Long Service Awards Liability

Balance at beginning of year	2 212 171	2 448 000
Contributions to provision	87 884	(235 829)
Current service cost	139 032	270 000
Increase due to discounting	-	195 217
Less: Employer contributions made	-	(176 000)
Less: Actuarial (gains) & losses	(64 344)	(525 046)
Balance at end of Year	2 300 055	2 212 171
Transfer to Current Provisions	(330 556)	(178 935)
Total Long Service Awards Liability	1 969 499	2 033 236

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of the defined benefit obligation were carried out as at 30 June 2015 and 30 June 2016 by the Matlotlo Group - Mr Ranti Mothapo, a fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 154 (2015: 152) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2016 is estimated to be R 139,032, whereas the cost for the ensuing year is estimated to be R 230,079 (2015: R 270,000 and R 139,032 respectively).

	2016 R	2015 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	8.94%	9.15%
Take-up rate by employees	100.00%	100.00%
Expected CPI rate	6.27%	7.08%
Expected Rate of Salary Increase	7.27%	8.08%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Normal Retirement Age - Males & Females	65	65
Mortality tables	SA85 - 90	SA85 - 90

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	2 212 171	2 448 000
Current service costs	139 032	270 000
Interest cost	192 131	195 217
Benefits paid	(178 935)	(176 000)
Actuarial losses / (gains)	(64 344)	(525 046)
Total Recognised Benefit Liability	2 300 055	2 212 171

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 300 055	2 212 171
Fair value of plan assets	-	-
Total Benefit Liability	2 300 055	2 212 171

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	139 032	270 000
Interest cost	192 131	195 217
Actuarial losses / (gains)	(64 344)	(525 046)
Benefits paid	(178 935)	(176 000)
Total Post-retirement Benefit included in Employee Related Costs (Note 31)	87 884	(235 829)

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the current interest cost	14 784	15 289
Effect on the aggregate of the current service cost	35 953	4 794
Effect on the defined benefit obligation	175 689	177 874

Decrease:

Effect on the aggregate of the current interest cost	(13 238)	(13 661)
Effect on the aggregate of the current service cost	(31 920)	(4 676)
Effect on the defined benefit obligation	(157 179)	(158 783)

20 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Land-fill Sites	5 273 533	4 821 296
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Total Non-current Provisions

5 273 533	4 821 296
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The **prior year amount** for *Non-current Provisions* has been restated to correctly disclose the amount for Long-Service Allowances in terms of GRAP 25, previously recognised as a non-current provision. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Non-current Provisions* has been restated to correctly disclose the amount for Rehabilitation of Landfill Sites, previously not calculated correctly. Refer to Note 43 on "Correction of Error" for details of the restatement.

The movement in the Provision for Rehabilitation of Land-fill Sites is reconciled as follows:

Balance at beginning of year	4 821 296	4 407 840
Increase due to discounting	452 238	413 455

Balance at end of year

5 273 533	4 821 296
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20.1 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse site, the municipality will incur rehabilitation costs of R 12,926 million to restore the site at the end of its useful life, estimated to be in 2026. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

21 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus / (Deficit) due to the results of Operations	590 989 256	610 503 237
Total Accumulated Surplus	590 989 256	610 503 237

Accumulated Surplus has been restated due to the correction of prior period errors. Refer to Note 43 on "Correction of Error" for details of the restatements.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

22 PROPERTY RATES

	Property Valuations	
	2016	2015
	R	R
Business	178 823 450	178 823 450
State owned	33 552 000	33 552 000
Municipal	18 220 000	18 220 000
Multiple use	17 834 000	17 834 000
Place of worship	25 647 000	25 647 000
Public Service Infrastructure	34 876 000	34 876 000
Residential	675 397 500	675 397 500
Special	19 298 000	19 298 000
Mining	2 490 000	2 490 000
Business & Commercial	3 810 000	3 810 000
Agricultural	4 841 807 200	4 841 807 200
Total	5 851 755 150	5 851 755 150
Total Property Rates	11 826 368	10 398 205

22.1 Calculation of Cash Flow:

Property Rates Income	11 826 368	10 398 205
Opening Balance of Debtors: Assessment Rates	33 702 373	27 425 954
Closing Balance of Debtors: Assessment Rates	(17 269 519)	(33 702 373)
Total Receipts for Property Rates	28 259 222	4 121 786

The **prior year amount** for *Property Rates* has been restated due to the retrospective correction of rates on Government and other accounts in 2016. Refer to Note 43 on "Correction of Error" for details of the restatement.

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last general valuation came into effect on 1 July 2014 and will be effective until 30 June 2018.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

Residential Properties: 0,54 c/R (2014/15: 0,51 c/R)
 Residential Properties - Empty stands: 0,64 c/R (2014/15: 0,61 c/R) Business Properties:
 1,62 c/R (2014/15: 1,53 c/R)
 Business Properties - Empty stands: 2,04 c/R (2014/15: 1,93 c/R) Agricultural Properties:
 0,14 c/R (2014/15: 0,13 c/R)
 State Property: 1,62 c/R (2014/15: 1,53 c/R)
 Creches, Clinics, Recreations: 0,14 c/R (2014/15: 0,13 c/R) Mines: 1,62 c/R
 (2014/15: 1,53 c/R)
 Public Service Infrastructure: 0,14 c/R (2014/15: 0,13 c/R)

Municipal Properties and churches are exempt from the payment of rates, whilst the first the valuation on improved residential properties is exempt from the payment of rates.

R50,000 of

Rates are levied monthly on property owners and are payable at the end of each month.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

23 FINES

Traffic Fines	41 237 806	31 370 015
Other Fines	16 572	5 032
Total Fines	41 254 378	31 375 047

The **prior year amount** for *Fines* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

24 INCOME FROM AGENCY SERVICES

Licence Cards	1 352 568	2 219 476
Motor Licences	298 290	483 020
Total Income from Agency Services	1 650 858	2 702 496

The **prior year amount** for *Income from Agency Services* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

25 GOVERNMENT GRANTS AND SUBSIDIES

National Equitable Share	63 366 000	54 925 000
Operational Grants	63 366 000	54 925 000
Conditional Grants	44 613 949	31 165 533
National: Finance Management Grant (FMG)	1 875 000	936 318
National: Municipal Infrastructure Grant (MIG)	12 801 310	20 541 813
National: Municipal Systems Improvement Grant (MSIG)	930 000	178 710
National: Provincial Infrastructure Grant (PIG)	9 750 023	-
National: Project Management Unit Grant (PMU)	685 012	534 414
National: Department Water Affairs & Forestry (DWAF)	-	2 644 292
National: Integrated National Electrification Program	4 967 504	3 332 496
Provincial: Department of Public Works - Expanded Public Works Program Grant (EPWP)	1 821 183	826 105
Provincial: Department Arts and Culture - Library Grant	871 680	171 385
Local Government: Dr Kenneth Kaunda District Municipality	10 912 236	2 000 000
Total Government Grants and Subsidies	107 979 949	86 090 533

25.1 Calculation of Cash Flow:

Government Grants and Subsidies Income	107 979 949	86 090 533
Opening Balance of Unspent Government Grants	(15 381 485)	(12 041 165)
Closing Balance of Unspent Government Grants	563 366	15 381 485
Total Receipts for Government Grants and Subsidies	93 161 830	89 430 852

The **prior year amount** for *Government Grants and Subsidies* has been restated to account for grants received from Dr Kenneth Kaunda District municipality as a creditor instead of a grant. DBSA loan instalments were paid by Dr Kenneth Kaunda District Municipality on Ventersdorp municipality's behalf. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Government Grants and Subsidies* has been restated to limit the DWAF amount recognised as revenue to the unspent balance as at 30 June 2014 and the grants received for the year ended 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Operational Grants:

25.2 National: Equitable Share

63 366 000 54 925 000

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100% monthly subsidy on all basic services based on the monthly billing, towards their consumer account. All residential households receive 6 kl water and 50 kWh electricity (indigents only) free every month. The allocation of equitable share has been reduced by R 13,200,000 due to the non-spending of funds by the municipality as at 30 June 2015, as indicated below.

Conditional Grants:

25.3 Provincial: Department of Public Works - Expanded Public Works Program Grant

Balance unspent at beginning of year	607 613	45 718
Current year receipts	1 792 000	1 388 000
Conditions met - transferred to Revenue	(1 821 183)	(826 105)
Other Adjustments/Refunds	(562 000)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	16 430	607 613

The grant is to be utilised for salary expenses for the expended Public Works Program in accordance with the national cleaning campaign. The allocation of equitable share has been reduced by R 13,200,000 and R 562,000 has been withheld due to non-spending of EPWP funds by the municipality.

25.4 National: Municipal Finance Management Grant (FMG)

Balance unspent at beginning of year	863 682	-
Current year receipts	1 875 000	1 800 000
Conditions met - transferred to Revenue	(1 875 000)	(936 318)
Other Adjustments/Refunds	(863 682)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	863 682

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. The allocation of equitable share has been reduced by R 13,200,000 and R 863,682 has been withheld due to non-spending of FMG funds by the municipality.

25.5 National: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	5 371 314	7 289 327
Current year receipts	13 920 000	19 604 000
Transferred to PMU	(685 012)	(980 200)
Conditions met - transferred to Revenue	(12 801 310)	(20 541 813)
Other Adjustments/Refunds	(5 804 992)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	(0)	5 371 314

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. The allocation of equitable share has been reduced by R 13,200,000 and R 5,804,992 has been withheld due to non-spending of MIG funds by the municipality.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

25.6 National: Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	755 290	-
Current year receipts	930 000	934 000
Conditions met - transferred to Revenue	(930 000)	(178 710)
Other Adjustments/Refunds	(755 290)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	755 290

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise institutional and governance systems as required in the Municipal Systems Act, and related legislation, policies and the local government turnaround strategy. The allocation of equitable share has been reduced by R 13,200,000 and R 755,290 has been withheld due to non-spending of MSIG funds by the municipality.

25.7 National: Project Management Unit Grant (PMU)

Balance unspent at beginning of year	514 036	68 248
Current year receipts	685 012	980 200
Conditions met - transferred to Revenue	(685 012)	(534 412)
Other Adjustments/Refunds	(514 036)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	514 036

The grant is to be utilised for operating cost of the Project Management Unit (PMU) in regards to the Municipal Infrastructure Grant (MIG). The allocation of equitable share has been reduced by R 13,200,000 and R 514,036 has been withheld due to non-spending of PMU funds by the municipality.

25.8 National: Department Water Affairs & Forestry (DWAF)

Balance unspent at beginning of year	-	2 184 441
Current year receipts	-	459 851
Conditions met - transferred to Revenue	-	(2 644 292)
Conditions still to be met - transferred to Liabilities (see Note 17)	-	-

The purpose of the grant is to fund bulk connector and internal infrastructure for water services at a basic level of service. No funds have been withheld.

25.9 Provincial: Department Arts and Culture (Library Grant)

Balance unspent at beginning of year	418 617	270 002
Current year receipts	1 000 000	320 000
Conditions met - transferred to Revenue	(871 680)	(171 385)
Conditions still to be met - transferred to Liabilities (see Note 17)	546 937	418 617

The grant is to be utilised for programme costs of the library and other costs as per library proposal. No funds have been withheld.

25.10 Provincial: Provincial Infrastructure Grant (PIG)

Balance unspent at beginning of year	2 183 429	2 183 429
Current year receipts	7 566 594	-
Conditions met - transferred to Revenue	(9 750 023)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	2 183 429

The grant is to be utilised for public infrastructure expenses. The funds were provided by Local Government. No funds have been withheld.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

25.11 Local Government: Dr Kenneth Kauda District Municipality - Operating

Balance unspent at beginning of year	-	-
Current year receipts	10 912 236	2 000 000
Conditions met - transferred to Revenue	(10 912 236)	(2 000 000)
Conditions still to be met - transferred to Liabilities (see Note 17)	-	-

In the 2015 financial year, a grant was allocated to the municipality as a contribution towards fire and ambulance services provided by the municipality. In the 2016 financial year, the registration of a solid waste site was completed and paid by the District municipality on Ventersdorp municipality's behalf.

25.12 National: Integrated National Electrification Program (INEP)

Balance unspent at beginning of year	4 667 504	-
Current year receipts	5 000 000	8 000 000
Conditions met - transferred to Revenue	(4 967 504)	(3 332 496)
Other Adjustments/Refunds	(4 700 000)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	4 667 504

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of infrastructure and rehabilitation of electricity infrastructure. The allocation of equitable share has been reduced by R 13,200,000 and R 4,700,000 has been withheld due to non-spending of the INEP funds by the municipality.

25.13 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, government grant funding is expected to increase over the forthcoming three financial years.

26 SERVICE CHARGES

Sale of Electricity	42 274 171	31 134 504
Sale of Water	4 754 977	3 466 168
Refuse Removal	4 090 870	3 824 659
Sewerage and Sanitation Charges	6 215 107	5 781 187
Total Service Charges	57 335 126	44 206 518

26.1 Calculation of Cash Flow:

Service Charges Income	57 335 126	44 206 518
Opening Balance of Debtors: Service Charges	62 577 266	44 274 817
Closing Balance of Debtors: Service Charges	(75 133 318)	(62 577 266)
Total Receipts for Service Charges	44 779 073	25 904 070

The **prior year amount** for *Service charges* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Service Charges* has been restated to correctly disclose payments received in advance as at 30 June 2015 as a liability. Refer to Note 43 on "Correction of Error" for details of the restatement.

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

27 RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Buildings	58 067	59 752
Rental Revenue from Land	15 064	15 064
Rental Revenue from Other Facilities	2 925	4 762

Total Rental of Facilities and Equipment	76 056	79 578
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The **prior year amount** for *Rental of Facilities and Equipment* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Rental of Facilities and Equipment* has been restated to recognise operating lease revenue on a straight-line basis over the lease term as required by GRAP 13. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Rental of Facilities and Equipment* has been restated to correctly disclose the revenue for Rentals for new lease agreements entered into, previously not accrued for. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Rental of Facilities and Equipment* has been restated to correctly disclose payments received in advance as at 30 June 2015 as a liability. Refer to Note 43 on "Correction of Error" for details of the restatement.

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

28 INTEREST EARNED

External Investments:

Bank Account	140 925	72 146
Investments	362 799	390 090
Eskom Deposits	205 877	180 435

Total Interest Earned	709 602	642 670
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The disclosure of *Interest Earned on investments* has been restated to correctly classify interest earned on Eskom Deposits.

28.1 Calculation of Cash Flow:

External Interest Income	709 602	642 670
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Total Receipts for Interest Received	709 602	642 670
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Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Financial Assets at Amortised cost	709 602	642 670
	709 602	642 670

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

29 OTHER REVENUE

Administration Fees	44 012	40 269		
Building Plan Fees	19 919	15 743		
Cemetery Fees	105 007	114 052		
Labour Cost Recovered	72 606	10 538		
Lease Advertising Signs	2 564	2 352		
Prints		516		633
Rates Clearance Certificates	34 168	8 018		
Sale of Materials and Stores	4 489	6 318		
Skills Development Fund Claims	80 544	78 243		
Stock Surpluses	87 281	82 838		
Tender Documents	452 806	47 095		
Valuation Certificates and Fees	8 260	4 964		
Sundry Income	7 017	16 679		
Total Other Revenue	919 190	427 742		

29.1 Calculation of Cash Flow:

Income from Other Revenue	Note 29	919 190	427 742
Income from Rental of Facilities and Equipment	Note 27	76 056	79 578
Income from Agency Services	Note 24	1 650 858	2 702 496
Income from Fines	Note 23	41 254 378	31 375 047
Other Gains from Continued Services	Note 41	14 125	7 066
Impairment losses - Provision for doubtful debts (Non-exchange)	Note 34	(37 675 104)	(31 389 476)
Opening Balance of Debtors: Non-exchange Transactions	Note 4	50 467 519	35 084 026
Opening Balance of Debtors: Assessment Rates	Note 4	(33 702 373)	(27 425 954)
Closing Balance of Debtors: Non-exchange Transactions	Note 4	(18 680 946)	(50 467 519)
Closing Balance of Debtors: Assessment Rates	Note 4	17 269 519	33 702 373
Opening Balance of VAT Receivable	Note 5	11 659 460	9 326 342
Closing Balance of VAT Receivable	Note 5	(5 820 555)	(11 659 460)
Opening Balance of Operating Lease Receivables	Note 7	10 775	6 759
Closing Balance of Operating Lease Receivables	Note 7	(11 919)	(10 775)
Opening Balance of Consumer Deposits	Note 13	(1 280 315)	(1 152 332)
Closing Balance of Consumer Deposits	Note 13	1 282 783	1 280 315
Total Receipts for Other Revenue		27 433 451	(8 113 771)

The **prior year amount** for *Other Income* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Other Income* has been restated to account for insurance claims received in prior financial years. Refer to Note 43 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 22 to 27, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

30 PROFIT ON SALE OF LAND

Proceeds on Sale of Land	-	145 649
Cost of Sale of Land	-	-
Total Profit on Sale of Land	-	145 649

The **prior year amount** for *Profit on Sale of Land* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

31 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	32 424 038	29 648 982
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	9 053 587	8 449 383
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 045 160	3 204 255
Overtime Payments	2 022 026	1 920 671
Defined Benefit Plan Expenses	2 867 022	765 064

Total Employee Related Costs	49 411 833	43 988 354
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31.1 Calculation of Cash Flow:

Employee Related Costs Expenditure	49 411 833	43 988 354
Opening Balance of Employee Benefit Liabilities	13 151 838	13 649 303
Closing Balance of Employee Benefit Liabilities	(16 018 860)	(14 414 367)

Total Payments for Employee Related Costs	46 544 811	43 223 290
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The **prior year amount** for *Employee Related Costs* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Employee Related Costs* has been restated due to the correction of the leave provision which was incorrectly based on daily rate excluding benefits as well as a provision raised for service bonuses as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Employee Related Costs* has been restated due to the correction of Defined Benefit Plan expenses which was incorrectly accounted for in the prior year and to include expenditure for in-service members, whose liability was not recognised in previous Post Employment Medical Aid valuations. Refer to Note 43 on "Correction of Error" for details of the restatement.

No advances were made to employees.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager - BJ Makade

Annual Remuneration	587 143	709 232
Termination benefits	296 539	-
Car and Other Allowances	50 924	144 428
Company Contributions to UIF, Medical and Pension Funds	80 996	235 425
Total	1 015 603	1 089 085

BJ Makade was suspended in October 2014 and his employment was terminated in October 2015. BMB Mosepele served as Executive Director Community Development and Acting Municipal Manager during the period October 2014 to April 2015.

Remuneration of the Acting Municipal Manager - JK Mashigo

Annual Remuneration	135 084	-
Company Contributions to UIF, Medical and Pension Funds	644	-
Total	135 728	-

JK Mashigo acted in this position from May 2015 to October 2015.

Remuneration of the Acting Municipal Manager - MI Moruti

Annual Remuneration	476 904	-
Car and Other Allowances	150 021	-
Company Contributions to UIF, Medical and Pension Funds	70 015	-
Total	696 939	-

MI Moruti acted in this position from November 2015 till the end of the reporting period.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Remuneration of the Chief Financial Officer - MI Moruti

Annual Remuneration	237 098	569 405
Car and Other Allowances	72 052	201 299
Company Contributions to UIF, Medical and Pension Funds	46 356	142 337
Total	355 506	913 041

MI Moruti acted as Municipal Manager from November 2015 till the end of the reporting period.

Remuneration of the Acting Chief Financial Officer - CWK Kgosiemang

Annual Remuneration	315 933	-
Car and Other Allowances	110 986	-
Company Contributions to UIF, Medical and Pension Funds	55 788	-
Total	482 707	-

CWK Kgosiemang acted in this position from December 2015 till the end of the reporting period.

Remuneration of the Executive Director: Corporate and Human Resources - LD Mcameni

Annual Remuneration	91 744	451 054
Termination benefits	227 255	-
Car and Other Allowances	62 541	353 936
Company Contributions to UIF, Medical and Pension Funds	19 839	111 258
Total	401 379	916 248

The manager resigned in August 2015.

Remuneration of the Acting Executive Director: Corporate and Human Resources - M Human

Annual Remuneration	135 400	-
Car and Other Allowances	19 537	-
Company Contributions to UIF, Medical and Pension Funds	31 223	-
Total	186 160	-

M. Human acted in this position from November 2015 to January 2016.

Remuneration of the Acting Executive Director: Corporate and Human Resources - Nzimankulu M.W.

Annual Remuneration	225 666	-
Car and Other Allowances	39 871	-
Company Contributions to UIF, Medical and Pension Funds	30 797	-
Total	296 335	-

M.W. Nzimankulu acted in this position from February 2016 till the end of the reporting period.

Remuneration of the Executive Director: Community Development - BMB Mosepele

Annual Remuneration	523 572	477 566
Car and Other Allowances	370 666	351 406
Company Contributions to UIF, Medical and Pension Funds	88 778	86 466
Total	983 017	915 438

Remuneration of the Executive Director: Strategic Planning & LED - SA Sidu

Annual Remuneration	441 624	404 493
Car and Other Allowances	343 977	353 936
Company Contributions to UIF, Medical and Pension Funds	113 666	126 238
Total	899 267	884 667

The manager was suspended with full pay from August 2015 and his employment was terminated in June 2016.

Remuneration of the Acting Executive Director: Strategic Planning & LED - W Marx

Annual Remuneration	315 933	-
Car and Other Allowances	65 631	-
Company Contributions to UIF, Medical and Pension Funds	56 361	-
Total	437 925	-

W Marx acted in this position from December 2015 till the end of the reporting period.

Remuneration of the Executive Director: Engineering Services - OG Moremedi

Annual Remuneration	515 417	564 908
Car and Other Allowances	281 302	265 466
Company Contributions to UIF, Medical and Pension Funds	87 913	85 681
Total	884 633	916 056

Summary of Remuneration of Section 57 Employees:

All Managers	6 775 197	5 634 535
Total Remuneration of Section 57 Employees	6 775 197	5 634 535

No compensation was payable to key management personnel in terms of GRAP 25 as at 30 June.

32 REMUNERATION OF COUNCILLORS

Mayor	571 053	536 331
Councillors	1 721 208	1 730 236
Other Allowances (Cellular Phones, Housing, Transport, etc)	1 111 798	1 132 937
Total Councillors' Remuneration	3 404 060	3 399 503

Remuneration of Councillors:

The **prior year amount** for *Remuneration of councillors* has been restated to include a subsistence allowance to the Mayor which was previously included in General expenses. Refer to Note 43 on "Correction of Error" for details of the restatement.

In-kind Benefits

The Councillor occupying the positions of Mayor of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor has use of a Council owned vehicle for official duties.

33 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	42 246 743	40 408 568
Total Depreciation and Amortisation	42 246 743	40 408 568

The **prior year amount** for *Depreciation and Amortisation* has been restated due to the compilation of a GRAP compliant Asset Register. Refer to Note 43 on "Correction of Error" for details of the restatement.

34 IMPAIRMENT LOSSES

34.1 Impairment Losses on Financial Assets

Impairment Losses Recognised:

Receivables from Exchange Transactions
 Receivables from Non-exchange Transactions
 - Assessment rates
 - Fines

12 884 951	35 057 420
37 675 104	31 389 476
2 963 896	7 581 054
34 711 208	23 808 422
50 560 055	66 446 896

Total Impairment Losses

The **prior year amount** for *Impairment Losses* has been restated to correctly disclose the impairment of Receivables for traffic fines in terms of the prescriptions of IGRAP 1, previously not accrued for. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Impairment Losses* has been restated due to the adjustment of debt impairment which was under provided for in the 2014/15 financial year. Refer to Note 43 on "Change in Accounting Policy" for details of the restatement.

Furthermore, the **prior year amount** for *Impairment Losses on Property, Plant and Equipment and Intangible Assets* has been restated due to the compilation of a GRAP compliant Asset Register. Refer to Note 43 on "Change in Accounting Policy" for details of the restatement.

35 REPAIRS AND MAINTENANCE

Land and Buildings
 Infrastructure - Electricity
 Infrastructure - Road Transport
 Infrastructure - Sanitation
 Infrastructure - Water
 Other Assets

339 573	216 647
3 256 362	2 684 240
245 692	159 878
2 063 128	839 768
535 834	286 323
1 189 145	720 231

Total Repairs and Maintenance

7 629 733	4 907 087
------------------	------------------

The **prior year amount** for Repairs and Maintenance has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

36 FINANCE COSTS

Creditors Overdue	7 711 848	6 228 089
Finance Leases	6 896	47 872
Landfill Provision	452 238	413 455
Annuity Loans	39 472	56 120
Total Interest Paid on External Borrowings	8 210 454	6 745 537

36.1 Calculation of Cash Flow:

Finance Cost Expenditure	8 210 454	6 745 537
Less: Interest on Landfill provision	(452 238)	(413 455)
Total Payments for Finance Costs	7 758 217	6 332 081

The **prior year amount** for *Finance Costs* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Finance Costs* has been restated to account for interest in arrears on DBSA loans and correction of interest on year end creditors. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Finance Costs* has been restated to account for interest accrued on the landfill site provision and finance lease liabilities as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

37 BULK PURCHASES

Electricity	42 046 334	36 849 364
Water	1 732 369	1 963 257
Total Bulk Purchases	43 778 703	38 812 621

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst raw water is purchased from the Department of Water and Sanitation.

38 CONTRACTED SERVICES

Debt Management	(8 783)	145 047
Information Systems	993 306	740 014
Meter Reading	283 678	311 124
Pre-Paid Vending Management	297 366	237 612
Professional Fees	6 832 501	-
Security Services	2 325 799	1 378 892
Valuation Services	99 749	102 288
Website Hosting	24 800	11 920
Other Contracted Services	2 924 462	3 669 717
Total Contracted Services	13 772 879	6 596 613

38.1 Calculation of Cash Flow:

Expenditure for Contracted Services	Note 38	13 772 879	6 596 613
Expenditure for Bulk Purchases	Note 37	43 778 703	38 812 621
Expenditure for Repairs and Maintenance	Note 35	7 629 733	4 907 087
Opening Balance of Payables: Exchange Transactions	Note 15	115 258 278	87 841 197
Closing Balance of Payables: Exchange Transactions	Note 15	(120 222 721)	(115 258 278)
Opening Balance of Inventories	Note 2	(3 071 563)	(2 548 559)
Closing Balance of Inventories	Note 2	2 850 996	3 071 563
Total for Suppliers Paid		59 996 305	23 422 244

The **prior year amount** for *Contracted Services* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

39 GRANTS AND SUBSIDIES PAID

Community Projects	980 696	216 777	
Project Expenditure	928 806		-
Art, Cultural and Sport Events	294 853	205 858	
Total Grants and Subsidies	2 204 354	422 635	

Community Projects are in respect of community cultural programs and catering & transport cost of community development workers within the municipality's area of jurisdiction.

Project Expenditure is in respect of conditional grants utilised for the upliftment of housing and basic service needs of communities within the municipality's area of jurisdiction.

Art, Culture & Sport Events are in respect accommodation and travelling expenses of participants for art, culture & sporting events attended outside the municipal area of jurisdiction.

The **prior year amount** for *Grants and Subsidies paid* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

40 GENERAL EXPENSES

Included in General Expenses are the following:

Accommodation and Meals	80 366	294 456	
Advertising	107 541	32 710	
Audit Fees	3 124 948	3 044 459	
Bank Charges	168 648	131 817	
Cleaning Material	41 194	43 289	
Commission Paid	665 166	507 333	
Communication and Public Participation	134 250		-
Computer Software and Components	11 816	47 461	
Congress and Conference Expenses		-	666
Entertainment	19 750	130 579	
Expenditure incurred from Grants:			
EPWP Grant	1 818 143	826 105	
Finance Management Grant	2 197 534	886 621	
Local Economic Development Grant	3 384	59 210	
MPCC	28 902		800
Municipal Systems Integration Grant	845 156	171 742	
Fuel and Oil	1 090 016	1 270 209	
Hiring of Equipment		70 271	
IDP Review		12 028	
Insurance	682 684	862 854	
Legal Costs	3 241 008	2 457 091	
Licence Fees	102 001	216 640	
Materials and Stocks	556 601	402 608	
Mayoral Special Programmes	129 064	82 650	
Membership Fees	509 668	500 000	
PMU General Expenses	678 397	534 412	
Postage and Telegrams	319 143	319 647	
Printing and Stationery	486 636	481 761	
Project Cost	88 127	14 620	
Stock Shortages/Surpluses	154 939	42 317	
Telephone Cost	694 442	548 306	
Training Costs	210 089	162 828	
Travelling and Subsistence	541 265	501 794	
Uniforms and Protective Clothing	606 908	341 540	
Ward Committee Management	330 600	327 600	
Other General Expenses	392 432	63 112	
Total General Expenses	20 060 818	15 389 534	

40.1 Calculation of Cash Flow:

Expenditure for General Expenses	Note 40	20 060 818	15 389 534
Expenditure for Grants and Subsidies Paid	Note 39	2 204 354	422 635
Opening Balance of Payables: Non-exchange Transactions	Note 16	162 063	2 560 046
Closing Balance of Payables: Non-exchange Transactions	Note 16	(10 692)	(162 063)
Correction of Prior Year Errors		0	2
Total for Other Payments		22 416 544	18 210 154

The **prior year amount** for *General Expenses* has been restated due to re-allocation of items and the correction of creditors as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *General Expenses* has been restated to re-allocate finance lease instalments against finance lease liabilities. Refer to Note 43 on "Correction of Error" for details of the restatement.

41 GAINS AND LOSSES ON OTHER OPERATIONS

Fair value adjustments of Financial Assets designated at Fair Value	14 125	7 066
Net Other Gains and Losses	14 125	7 066



42 MERGERS

Ventersdorp municipality and Tlokwe municipality is in the process of being merged into a combined new municipality and the merger is due to occur on 3 August 2016. The reason for the merger is to optimize the financial viability of the new municipality. The name of the new municipality must still be confirmed. The preliminary name used is Northwest 405 Municipality (Ventersdorp/Tlokwe).

Accounting Policy 26 on Mergers describes the conditions and recognition criteria upon which the merger is based.

The following assets and liabilities will be transferred as a result of the merger:

Current Assets

Inventories
Receivables from Exchange Transactions
Receivables from Non-exchange Transactions
VAT Receivable
Cash and Cash Equivalents
Operating Lease Receivables

Non-Current Assets

Property, Plant and Equipment
Intangible Assets
Investment Property
Heritage Assets
Non-current Investments

Total Assets

LIABILITIES

Current Liabilities

Consumer Deposits
Provisions
Payables from Exchange Transactions
Payables from Non-exchange Transactions
Unspent Conditional Grants and Receipts
Current Portion of Long-term Liabilities

Non-Current Liabilities

Long-term Liabilities
Employee Benefit Liabilities
Non-current Provisions

Total Liabilities

Total Assets and Liabilities

NET ASSETS

Accumulated Surplus / (Deficit)

Total Net Assets

The following contingent asset and liabilities will also be transferred to the new combined municipality:

Contingent Assets as per note 55

Illegal agreement
Non compliance with legislation

Contingent Liabilities as per note 54

Claims for losses sustained
Breach of contract
Unlawful enrichment

Transferred

46 278 478

2 850 996
15 024 475
18 680 946
5 820 555
3 889 586
11 919

689 606 976

650 989 448
66 908
29 579 775
8 756 727
214 119

735 885 454

122 906 798

1 282 783
657 771
120 222 721
10 692
563 366
169 465

21 989 400

92 249
16 623 618
5 273 533

144 896 198

590 989 256

590 989 256

590 989 256

590 989 256

24 500 000

4 500 000
20 000 000

(44 885 340)

(377 000)
(12 000 000)
(32 508 340)

43 CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

43.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

Balances published as at 30 June 2014

Correction of Error:-

2015 Appropriations accounted for as at 30 June 2014:

Recognition debtor for traffic fines issued as at 30 June 2014

Correction of Inventory as at 30 June 2014

Correction of VAT as at 30 June 2014

Correction of Property Plant and Equipment as at 30 June 2014

Correction of Intangible Assets as at 30 June 2014

Correction of Consumer debtors as at 30 June 2014

Correction of Creditors as at 30 June 2014

Adjustment of accumulated depreciation of PPE to agree with Accounting system as at 30 June 2014

Provision for service bonuses as at 30 June 2014

Correction of the provision for rehabilitation of landfill site as at 3 June 2014

Recognition of Finance Lease liability as at 30 June 2014

Recognition of debt impairment on Traffic Fines & correction of debtor's balance as at 30 June 2014

Recognition of payments received in advance as at 30 June 2014 - Pre-paid electricity

Creditor raised for Dr Kenneth Kaunda District municipality for DBSA instalments paid on Ventersdorp municipality's behalf as at 30 June 2014.

Correction of the balance payable to the Department of Community Safety and Transport Management as at 30 June 2014.

Recognition of payments received in advance as at 30 June 2014 - Vodacom

Straight-lining of rent received for land as at 30 June 2014 - Vodacom

Recognition of debtor for rent receivable as at 30 June 2014 - Home Affairs

Straight-lining of rent received for municipal building as at 30 June 2014 - Home Affairs

Correction of rental income from Dr Kenneth Kaunda District Municipality as at 30 June 2014

Correction of rental income from Dr Kenneth Kaunda District Municipality as at 30 June 2014 - June 2014 instalment raised as a debtor

VAT over claimed during the period June 2012 to June 2014 as per SARS audit

Correction of payable from exchange transactions which was under provided for as at 30 June 2014.

Correction of insurance control vote as at 30 June 2014.

Correction of the provision for Post Employment Medical Aid as at 30 June 2014 to include in-service members whose liability was not recognised in prior year valuations.

Correction of rates on government and other accounts in 2016 affecting rates revenue up to 30 June 2014.

Write-back of carrying value of PPE as per 2015 AFS

Write-back of carrying value of Investment Property as per 2015 AFS

Recognition of carrying value of PPE as per new Asset Register

Recognition of carrying value of Investment Property as per new Asset Register

Recognition of carrying value of Intangible Assets as per new Asset Register

Recognition of carrying value of Heritage Assets as per new Asset Register

Year-end creditor correction: Auditor General

Year-end creditor correction: Department of Water

Year-end creditor correction: ESKOM

Accumulated
Surplus

503 783 549

(15 672 652)

18 451 016

(21 719 461)

(1 126 450)

(8 227 489)

(251 494)

(3 614 982)

816 207

1 686 083

(644 199)

(2 114 150)

(153 453)

(13 958 468)

(157 857)

(190 943)

(76 138)

(8 820)

6 139

6 000

620

2 422

5 500

(901 183)

458 356

5 837

(7 223 303)

21 307 603

(476 135 533)

(44 141 199)

657 003 381

29 586 125

66 907

8 676 129

(5 195)

312 702

20 820

157 761 530

661 545 079

Balances published as at 30 June 2014

Transactions incurred for the Year 2014/15

(40 770 983)

Correction of Error:-

Appropriations in 2014/15

(15 672 652)

Appropriations in 2014/15 accounted for as at 30 June 2014

15 672 652

Adjustment for Debt Impairment	(37 198 394)
Adjustment of DBSA loan - accounting for interest in arrears	(437)
Adjustment of provision for Long Service Awards as at 30 June 2015	471 829
Correction of leave provision which was incorrectly based on daily rate excluding benefits as at 30 June 2015	(1 101 794)
Correction of the provision for Rehabilitation of landfill site which was incorrectly expensed for the year ended 30 June 2015.	67 868 994
Provision for Service bonuses - movement for the year ended 30 June 2015	(84 957)
Adjustment for Interest Accrued on Landfill site provision	(413 455)
Adjustment for Interest on Finance Lease Liability	(47 872)
Allocation correction of Finance Lease instalments from General expenses	143 789
Adjustment for debt impairment on Traffic Fine debtors	(23 808 422)
Recognition of payments received in advance as at 30 June 2015 - Pre-paid electricity	(26 138)
Recognition of payments received in advance as at 30 June 2015 - Hall rentals	(260)
Government grants and subsidies received have been adjusted to account for DBSA loan instalments paid by Dr Kenneth Kaunda District municipality on Ventersdorp municipality's behalf, as a creditor instead of grant revenue.	(189 824)
Straight-lining of rent received for land for the year ended 30 June 2015 - Vodacom Recognition	1 613
of payments received in advance as at 30 June 2015 - Vodacom land rentals	(441)
Straight-lining of rent received for municipal building for the year ended 30 June 2015 - Home Affairs	640
Recognition of debtor for rent receivable for the year ended 30 June 2015 - Home Affairs	12 600
Correction of rental income from Dr Kenneth Kaunda District Municipality for the year ended 30 June 2015.	(15 149)
Correction of rental income from Dr Kenneth Kaunda District Municipality as at 30 June 2014 - June 2014 instalment raised paid in 2014/15 financial year.	(5 500)
Straight-lining of rent received for land for the year ended 30 June 2015 - Dr Kenneth Kaunda District Municipality	1 763
Reversal of interest - Year end creditors: WCA	11 877
DWAF - Amount recognised as revenue limited to grants received.	(1 550 891)
Correction of payable from exchange transactions which was not reversed in 2014/15 financial year.	4 346
Correction of insurance control vote as at 30 June 2015 - Insurance claims received recognised as revenue.	15 083
Correction of the provision for Post Employment Medical Aid as at 30 June 2015 according to revised valuation.	(1 641 893)
Correction of rates on government and other accounts in 2016 affecting rates revenue for the year ended 30 June 2015.	1 714 302
Write-back of depreciation on PPE as per 2015 AFS Recognition	26 040 335
of depreciation on PPE as per new Asset Register Write-back of	(40 408 567)
PPE additions as per 2015 AFS	(26 554 918)
Recognition of PPE additions as per new Asset Register	26 557 059
Cost of Investment Property sold debited against proceeds on disposal	(6 351)
Write-back of Intangible Asset additions as per 2015 AFS	(62 843)
Correction of water inventory as at 30 June 2015	3 017
	(10 270 859)

Restated Balances as at 30 June 2015

610 503 237

43.2 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2014/15 Revenue	Current Year 2014/15 Revenue	Restated Amount
Property Rates	8 683 903	10 398 205	(1 714 302)
Fines	31 370 047	31 375 047	(5 000)
Licences and Permits	2 644 793	-	2 644 793
Income for Agency Services	-	2 702 496	(2 702 496)
Government Grants and Subsidies Received	87 831 249	86 090 533	1 740 715
Service Charges	50 147 343	44 206 518	5 940 824
Rental of Facilities and Equipment	70 421	79 578	(9 158)
Interest Earned - External Investments	642 670	642 670	-
Other Income	682 795	427 742	255 053
Other Gains on Continued Operations	7 066	7 066	-
Profit on Sale of Land	-	145 649	(145 649)
	182 080 286	176 075 506	6 004 780

No prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated.

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Government Grants	Fines	Licences and Permits	Agency Services
Balance previously reported	87 831 249	31 370 047	2 644 793	-
Reallocation of Item 2-15-1510, Fines - Pre-paid Meters		5 000		
Reallocation of Item 2-11-3301, Licences - Direct Income			(2 219 476)	2 219 476
Reallocation of Item 2-11-3310, Licences - Testing Grounds			(483 020)	483 020
Reallocation of Item 2-15-0601, Cash Surplus			57 703	
Creditor raised for Dr Kenneth Kaunda District municipality for DBSA instalments paid on Ventersdorp's behalf for the year ended 30 June 2015	(189 824)			
DWAF - Amount recognised as revenue limited to grants received.	(1 550 891)			
Restated Balance now reported	86 090 533	31 375 047	-	2 702 496

	Property Rates
Balance previously reported	8 683 903
Correction of rates on government accounts in 2016 affecting rates revenue for the year ended 30 June 2015.	1 714 302
Restated Balance now reported	10 398 205

	Service Charges	Rental of Facilities	Other Income	Profit on Sale of Land
Balance previously reported	50 147 343	70 421	682 795	-
Reallocation of Item 1-15-1510, Free Basic Electricity	(4 808 650)			
Reallocation of Item 1-26-0901, Departmental Electricity	(1 047 982)			
Reallocation of Item 1-26-0910, Departmental Refuse	(27 058)			
Reallocation of Item 1-26-0915, Departmental Water	(12 396)			
Reallocation of Item 1-26-0920, Departmental Sewerage	(26 412)			
Reallocation of Item 2-15-0625, Connection Fees - Elect	1 466		(1 466)	
Reallocation of Item 2-15-0630, Connection Fees - Water	6 045		(6 045)	
Reallocation of Item 2-15-5101, Re-connection Fees	300		(300)	
Reallocation of Item 2-06-3301, Rental - Land		13 892	(13 892)	
Reallocation of Item 2-15-5420, Selling of Stands			(152 000)	152 000
Reallocation of Item 2-15-1510, Fines - Pre-paid Meters			(5 000)	
Reallocation of Item 2-15-3670, Med Aid - Continued Members			(91 434)	
Recognition of payments received in advance as at 30 June 2015 - Pre-paid electricity	(26 138)			
Recognition of payments received in advance as at 30 June 2015 - Hall rentals		(260)		
Recognition of payments received in advance as at 30 June 2015 - Vodacom Land rental		(441)		
Straight-lining of rent received for land for the year ended 30 June 2015 - Vodacom		1 613		
Debtor raised for rental income from municipal building for the year ended 30 June 2015 - Home Affairs		12 600		
Straight-lining of rent received for municipal building for the year ended 30 June 2015 - Home Affairs		640		
Creditor raised for over payment of rental income from Dr Kenneth Kaunda District municipality for the year ended 30 June 2015.		(15 149)		
Correction of rental income from Dr Kenneth Kaunda District Municipality - June 2014 instalment paid in 2014/15 financial year.		(5 500)		
Straight-lining of rent received for municipal building for the year ended 30 June 2015 - Dr Kenneth Kaunda District municipality		1 763		
Correction of insurance control vote as at 30 June 2015 - Insurance claims received recognised as revenue.			15 083	
Cost of Investment Property sold debited against proceeds on disposal				(6 351)
Restated Balance now reported	44 206 518	79 578	427 742	145 649

43.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2014/15 Expenditure	Current Year 2014/15 Expenditure	Restated Amount
Employee Related Costs	40 922 359	43 988 354	(3 065 996)
Remuneration of Councillors	3 383 679	3 399 503	(15 824)
Depreciation and Amortisation	26 040 335	40 408 568	(14 368 232)
Impairment Losses	5 440 079	66 446 896	(61 006 816)
Repairs and Maintenance	4 827 333	4 907 087	(79 754)
Finance Costs	5 527 476	6 745 537	(1 218 060)
Provisions	68 561 285	-	68 561 285
Bulk Purchases	38 812 621	38 812 621	-
Contracted Services	6 482 405	6 596 613	(114 208)
Grants and Subsidies Paid	-	422 635	(422 635)
General Expenses	22 853 696	15 389 534	7 464 162
Surplus / (Deficit) for the Year	(40 770 983)	(51 041 841)	10 270 859
	182 080 286	176 075 506	6 004 780

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Remuneration Councillors	Employee Costs	Impairment Losses	Depreciation & Amortisation
Balance previously reported	3 383 679	40 922 359	5 440 079	26 040 335
Reallocation of Item 1-01-5101, Redemption of Leave		692 290	-	
Reallocation of Item 1-15-1240, Employees Assistance		(42 872)		
Reallocation of Item 1-15-3670, Med Aid - Continued Members		405 201		
Reallocation of Item 1-15-5405, Skills Development Levy		386 996		
Reallocation of Item 1-18-0605, Post-employment Benefits		(641 000)		
Reallocation of Item 2-15-3670, Med Aid - Continued Members		(91 434)		
Adjustment of Debt Impairment under provided			37 198 394	
Allocation correction of subsistence allowance paid to the Mayor	15 824			
Correction of the balance of the Provision for LSA as at 30 June 2015		(471 829)		
Correction of leave provision which was incorrectly based on daily rate excluding benefits.		1 101 794		
Provision for service bonuses - movement for the year ended 30 June 2015		84 957		
Recognition of Debt impairment on Traffic Fine debtors			23 808 422	
Correction of the provision for Post Employment Medical Aid as at 30 June 2015 according to revised valuation.		1 641 893		
Write-back of depreciation on PPE as per 2015 AFS				(26 040 335)
Recognition of PPE additions as per new Asset Register				40 408 567
Restated Balance now reported	3 399 503	43 988 354	66 446 896	40 408 568

	Repairs & Maintenance	Finance Costs	Provisions
Balance previously reported	4 827 333	5 527 476	68 561 285
Reallocation of Item 1-01-5101, Redemption of Leave			(692 290)
Reallocation of Item 1-15-0905, Dumping Site Rehabilitation	67 868 994		(67 868 994)
Reallocation of Item 1-15-4501, Paint - Traffic Markings	19 051		
Reallocation of Item 1-15-4560, Penalty Fees		768 173	
Adjustment of DBSA loan to account for interest in arrears		437	
Correction of the provision for Rehabilitation of landfill site which was incorrectly expensed for the year ended 30 June 2015.	(67 868 994)		
Recognition of Interest Accrued on Landfill site provision		413 455	
Recognition of Interest on Finance Lease Liability		47 872	
Reversal of interest - Year end creditors: WCA		(11 877)	
Difference between 2015 PPE additions per Venus and additions per new Asset Register.	60 702		
Restated Balance now reported	4 907 087	6 745 537	-

	Contracted Services	Grants & Subsidies Paid	General Expenses
Balance previously reported	6 482 405	-	22 853 696
Reallocation of Item 1-15-6301, Valuation Cost	102 288		(102 288)
Reallocation of Item 1-15-6610, Website Development	11 920		(11 920)
Reallocation of Item 1-15-1230, Youth Units		17 800	(17 800)
Reallocation of Item 1-15-1805, Gender Programmes		20 492	(20 492)
Reallocation of Item 1-15-3345, Library Programmes		171 385	(171 385)
Reallocation of Item 1-15-4502, Disabled People		7 100	(7 100)
Reallocation of Item 1-15-5420, Art, Cultural & Sport Activities		205 858	(205 858)
Reallocation of Item 1-15-1240, Employees Assistance			42 872
Reallocation of Item 1-15-3670, Med Aid - Continued Members			(405 201)
Reallocation of Item 1-15-5405, Skills Development Levy			(386 996)
Reallocation of Item 1-18-0605, Post-employment Benefits			641 000
Reallocation of Item 1-15-4501, Paint - Traffic Markings			(19 051)
Reallocation of Item 1-15-4560, Penalty Fees			(768 173)
Reallocation of Item 1-15-1510, Free Basic Electricity			(4 808 650)
Reallocation of Item 1-26-0901, Departmental Electricity			(1 047 982)
Reallocation of Item 1-26-0910, Departmental Refuse			(27 058)
Reallocation of Item 1-26-0915, Departmental Water			(12 396)
Reallocation of Item 1-26-0920, Departmental Sewerage			(26 412)
Reallocation of Item 2-15-0601, Cash Surplus			57 703
Allocation correction of subsistence allowance paid to the Mayor			(15 824)
Allocation correction of Finance lease instalments against finance lease liability.			(143 789)
Correction of payable from exchange transactions which was not reversed in 2014/15 financial year.			(4 346)
Correction of water inventory as at 30 June 2015			(3 017)
Restated Balance now reported	6 596 613	422 635	15 389 534

43.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2014/15 Balance	Current Year 2014/15 Balance	Restated Amount
Current Assets			
Inventories	3 068 546	3 071 563	(3 017)
Receivables from Exchange Transactions	44 882 147	15 353 373	29 528 774
Receivables from Non-exchange Transactions	68 594 266	50 467 519	18 126 747
VAT Receivable	12 565 315	11 659 460	905 855
Cash and Cash Equivalents	42 759	76 615	(33 856)
Operating Lease Receivables	-	10 775	(10 775)
Non-Current Assets			
Property, Plant and Equipment	476 650 116	643 071 274	(166 421 158)
Intangible Assets	62 844	66 908	(4 064)
Investment Property	44 141 199	29 579 775	14 561 424
Heritage Assets	-	8 756 727	(8 756 727)
Non-current Investments	210 509	210 509	-
Current Liabilities			
Consumer Deposits	(1 280 315)	(1 280 315)	-
Provisions	-	(604 758)	604 758
Payables from Exchange Transactions	(109 485 483)	(115 258 278)	5 772 796
Payables from Non-exchange Transactions	-	(162 063)	162 063
Unspent Conditional Grants and Receipts	(13 830 594)	(15 381 485)	1 550 891
Bank Overdraft	-	(33 856)	33 856
Current Portion of Long-term Liabilities	-	(207 888)	207 888
Non-Current Liabilities			
Long-term Liabilities	(411 629)	(261 714)	(149 915)
Retirement Benefit Liabilities	(3 337 000)	(13 809 609)	10 472 609
Non-current Provisions	(72 846 684)	(4 821 296)	(68 025 389)
Net Assets			
Accumulated Surplus / (Deficit)	(449 025 996)	(610 503 237)	161 477 241
	-	(0)	0

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

	Receivables: Exchange	Receivables: Non-exchange	Cash Equivalents
Balances previously published per AFS as at 30 June 2014	35 567 732	9 540 293	9 285 768
Reallocation of Votes 9000-03-9-03-XXXX, Suspense Accounts in debit	148 755	(137 622)	
Accounting for fines receivable as at 30 June 2014		18 451 016	
Recognition of debt impairment on Traffic Fines		(13 958 468)	
Recognition of debtor for rent receivable as at 30 June 2014 - Home Affairs	6 840		
Correction of rental income from Dr Kenneth Kaunda District Municipality as at 30 June 2014 - June 2014 instalment raised as a debtor	5 500		
Correction of rates on government & other accounts in 2016 affecting rates revenue up to 30 June 2014		21 307 603	
Balances now published per AFS as at 30 June 2014	35 728 827	35 202 822	9 285 768
Transactions incurred for the Year 2014/15	9 314 414	59 053 973	(9 243 009)
Reallocation of Votes 9000-03-9-03-XXXX, Suspense Accounts in debit	(81 391)	4 262 048	
Reallocation of Vote 9000-02-7-08-0104, FNB Main Account Reallocation of Vote 9000-02-7-05-0107, Dept of Safety in credit		74 866	33 856
Reversal of fines receivable as at 30 June 2014 against appropriations 2015 Adjustment of Debt Impairment under provided	(29 617 341)	(18 451 016)	
Recognition of Debt impairment on Traffic Fine debtors		(7 581 054)	
Recognition of debtor for rent receivable as at 30 June 2015 - Home Affairs Correction of rental income from Dr Kenneth Kaunda District Municipality - June 2014 instalment paid in 2015 financial year	14 364	(23 808 422)	
Correction of rates on government & other accounts in 2016 affecting rates revenue for the year ended 30 June 2015	(5 500)		
		1 714 302	
Balances now published per AFS as at 30 June 2015	15 353 373	50 467 519	76 615
	Inventories	VAT Receivable	Lease Receivables
Balances previously published per AFS as at 30 June 2014	24 268 020	11 359 003	-
Recognition of debtor due to straight-lining of rent received for land - Vodacom			6 139
Recognition of debtor due to straight-lining of rent received for building - Home Affairs			620
Recognition of Output VAT on rent receivable as at 30 June 2014 - Home Affairs		(840)	
Correction of VAT on rent received from Dr Kenneth Kaunda District Municipality as at 30 June 2014.		(4 189)	
VAT over claimed during the period June 2012 to June 2014 as per SARS audit		(901 183)	
Balances now published per AFS as at 30 June 2014	24 268 020	10 452 792	6 759
Transactions incurred for the Year 2014/15	(21 199 474)	1 206 312	-
Recognition of debtor due to straight-lining of rent received for land - Vodacom			1 613
Recognition of debtor due to straight-lining of rent received for building - Home Affairs			640
Recognition of Output VAT on rent receivable as at 30 June 2015 - Home Affairs		(1 764)	
Correction of VAT on overpayment of rent from Dr Kenneth Kaunda District Municipality for the year ended 30 June 2015.		2 121	
Recognition of debtor due to straight-lining of rent received for building - Dr Kenneth Kaunda District Municipality			1 763
Correction of water inventory as at 30 June 2015	3 017		
Balances now published per AFS as at 30 June 2015	3 071 563	11 659 460	10 775

	Heritage Assets	Property, Plant & Equipment	Intangible Assets	Investment Property
Balances previously published per AFS as at 30 June 2014	-	482 676 938	251 495	44 141 199
Adjustment of accumulated depreciation to agree with Accounting system as at 30 June 2014		1 686 084		
2015 Appropriations accounted for as at 30 June 2014		(8 227 489)	(251 494)	
Write-back of carrying value of PPE as per 2015 AFS		(476 135 533)		
Write-back of carrying value of Investment Property as per 2015 AFS.				(44 141 199)
Recognition of carrying value of PPE as per new Asset Register.		657 003 381		
Recognition of carrying value of Investment Property as per new Asset Register.				29 586 125
Recognition of carrying value of Intangible Assets as per new Asset Register.			66 907	
Recognition of carrying value of Heritage Assets as per new Asset Register.	8 676 129			
Balances now published per AFS as at 30 June 2014	8 676 129	657 003 381	66 908	29 586 125
Transactions incurred for the Year 2014/15	-	514 583	62 843	-
Write-back of depreciation on PPE as per 2015 AFS		26 040 335		
Recognition of depreciation on PPE as per new Asset Register		(40 408 567)		
Write-back of PPE additions as per 2015 AFS		(26 554 918)		
Recognition of PPE additions as per new Asset Register	80 598	26 476 460		
Cost of Investment Property sold debited against proceeds on disposal				(6 350.60)
Write-back of Intangible Asset additions as per 2015 AFS			(62 843)	
Balances now published per AFS as at 30 June 2015	8 756 727	643 071 274	66 908	29 579 775
			Consumer Deposits	Provisions
Balances previously published per AFS as at 30 June 2014			(1 152 332)	-
Balances now published per AFS as at 30 June 2014			(1 152 332)	-
Transactions incurred for the Year 2014/15			(127 983)	-
Transfer of current portion of Post Employment Medical Aid and Long Service Awards as at 30 June 2015 to current liabilities.				(604 758)
Balances now published per AFS as at 30 June 2015			(1 280 315)	(604 758)

	Unspent Grants	Long-term Liabilities	Payables: Exchange	Payables: Non- exchange
Balances previously published per AFS as at 30 June 2014	(12 041 165)	(545 551)	(88 459 222)	(2 592 566)
Reallocation of Votes 9000-03-9-03-XXXX, Suspense Accounts			(11 133)	
Reclassify Vote 9000-01-3-04-0708, Deposit Account			10 138	(10 138)
Provision for service bonuses as at 30 June 2014 Recognition of Finance Lease Liability as at 30 June 2014 Recognition of payments received in advance as at 30 June 2014 - Pre-paid electricity		(153 453)	(644 199)	
Creditor raised for Dr Kenneth Kaunda District municipality for DBSA instalments paid on Ventersdorp's behalf as at 30 June 2014.			(157 857)	
Correction of the balance payable to Department of Community Safety and Transport Management as at 30 June 2014.			(190 943)	
Recognition of payments received in advance as at 30 June 2014 - Vodacom land rentals				(76 138)
Correction of rental income from DR KKDM as at 30 June 2015.			(8 820)	
Correction of a creditors which was over & under provided for as at 30 June 2014.			6 611	
Correction of insurance control vote as at 30 June 2014.			458 356	
Year-end creditor correction: Auditor General			5 837	
Year-end creditor correction: Department of Water			(5 195)	
Year-end creditor correction: ESKOM			312 702	
			20 820	
Balances now published per AFS as at 30 June 2014	(12 041 165)	(699 004)	(88 662 904)	(2 678 842)
Transactions incurred for the Year 2014/15	(1 789 428)	133 922	(21 026 261)	2 592 566
Reallocation of Votes 9000-03-9-03-XXXX, Suspense Accounts			(4 180 656)	
Reclassify Vote 9000-01-3-04-0708, Deposit Account				921
Reallocation of Vote 9000-02-7-05-0107, Dept of Safety in credit				(921)
Adjustment of DBSA loan to account for interest in arrears				(74 866)
Correction of leave provision which was incorrectly based on daily rate excluding benefits.		(437)		
Provision for service bonuses - movement for the year ended 30 June 2015			(1 101 794)	
Accounting for current portion of Long-term liabilities			(84 957)	
Accounting for current portion of finance lease liabilities		150 352		
Accounting for capital redemption on Finance Lease liabilities		57 536		
Recognition of payments received in advance as at 30 June 2015 - Pre-paid electricity		95 918		
Recognition of payments received in advance as at 30 June 2015 - Building plans			(26 138)	
Creditor raised for Dr Kenneth Kaunda District municipality for DBSA instalments paid on Ventersdorp's behalf for the year ended 30 June 2015				(260)
Recognition of payments received in advance as at 30 June 2015 - Vodacom land rentals			(189 824)	
Correction of rental income from DR KKDM as at 30 June 2015.				(441)
Reversal of interest - Year end creditors: WCA			(17 270)	
DWAF - Amount recognised as revenue limited to grants received.			11 877	
Correction of payable from exchange transactions which was not reversed in 2014/15 financial year.	(1 550 891)			
Correction of insurance control vote as at 30 June 2015.			4 346	
			15 083	
Balances now published per AFS as at 30 June 2015	(15 381 485)	(261 714)	(115 258 278)	(162 063)

Current portion of LT liabilities	Bank Overdraft	Retirement Benefits	Non-current Provisions
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Balances previously published per AFS as at 30 June 2014

Reclassify Provision for Long-service Awards	-	(3 978 000)	(4 741 690)
Correction of the provision for rehabilitation of landfill site	-	(2 448 000)	2 448 000
Correction of the provision for Post Employment Medical Aid as at 30 June 2014 to include in-service members whose liability was not recognised in prior year valuations.			(2 114 150)
		(7 223 303)	

Balances now published per AFS as at 30 June 2014

Transactions incurred for the Year 2014/15		-	(13 649 303)	(4 407 840)
Reallocation of Vote 9000-02-7-08-0104, FNB Main Account	(33 856)	-	641 000	(68 104 994)
Reclassify Provision for Long-service Awards		-	(236 000)	236 000
Correction of the balance of the Provision for LSA as at 30 June 2015			471 829	
Write-back of the provision for Rehabilitation of landfill site which was incorrectly expensed for the year ended 30 June 2015.				
Accounting for current portion of Long-term liabilities				67 868 994
Recognition of Interest on Landfill site provision	(150 352)			
Accounting for current portion of finance lease liabilities				(413 455)
Correction of the provision for Post Employment Medical Aid as at 30 June 2015 according to revised valuation.	(57 536)			
Transfer of current portion of Post Employment Medical Aid and Long Service Awards as at 30 June 2015 to current liabilities.			(1 641 893)	
			604 758	
Balances now published per AFS as at 30 June 2015	(207 888)	(33 856)	(13 809 609)	(4 821 296)

44 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	(19 513 981)	(51 041 841)
Adjustment for:		
Appropriations in 2014/15	-	(1)
Depreciation and Amortisation	42 246 743	40 408 568
Profit on Sale of Land	-	(145 649)
Contribution to Post-retirement Health Care Benefits	2 779 138	1 000 893
Contribution to Long Service Awards Liability	87 884	(235 829)
Contribution to Provisions - Non-current	452 238	413 455
Contribution to Impairment Provision	50 560 055	66 446 896
Operating surplus before working capital changes	76 612 076	56 846 491
Decrease/(Increase) in Inventories	220 567	(523 004)
Decrease/(Increase) in Receivables from Exchange Transactions	(12 556 053)	(18 302 449)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(5 888 532)	(46 772 969)
Decrease/(Increase) in VAT Receivable	5 838 905	(2 333 118)
Decrease/(Increase) in Operating Lease Assets	(1 144)	(4 016)
Increase/(Decrease) in Consumer Deposits	2 468	127 983
Increase/(Decrease) in Payables from Exchange Transactions	4 964 443	27 417 080
Increase/(Decrease) in Payables from Non-exchange Transactions	(151 371)	(2 397 983)
Increase/(Decrease) in Conditional Grants and Receipts	(14 818 119)	3 340 319
Cash generated by / (utilised in) Operations	54 223 242	17 398 335

45 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2015/16 financial year.

46 FINANCING FACILITIES

The municipality did not have any Financing Facilities available at any time during the two financial years.

47 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 18)	261 714	469 601
Used to finance Property, Plant and Equipment - at cost	(261 714)	(469 601)
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Notes 6 and 12)	-	-
Cash invested for Repayment of Long-term Liabilities	-	-

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

48.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	135 988 684	35 222 856
Unauthorised Expenditure current year	61 726 402	100 765 828
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 56)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	197 715 086	135 988 684

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted votes exceeded:-</i>	
- Executive and Council - R6 675 757 (2015: R2 492 629)	To be condoned by Council
- Budget and Treasury Office - R19 998 425 (2015: R74 064 450)	To be condoned by Council
- Public Safety - R33 555 245 (2015: R23 826 486)	To be condoned by Council
- Planning and Development - R708 263 (2015: R0)	To be condoned by Council
- Waste Management - R372 735 (2015: R382 263)	To be condoned by Council

48.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	41 821 494	35 593 405
Fruitless and Wasteful Expenditure current year	7 711 848	6 228 089
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 56)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	49 533 342	41 821 494

Incident	Disciplinary Steps / Criminal Proceedings
Interest on late payment - Various Creditors - R7 711 848 (2015: R6 228 089)	To be submitted to Council

48.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	117 980 779	115 177 949
Irregular Expenditure current year	19 490 544	2 802 830
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 56)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Irregular Expenditure awaiting condonement	137 471 323	117 980 779

Incident	Disciplinary Steps / Criminal Proceedings
Expenditure contrary to SCM Processes as described as per working papers - R19 490 544 (2015: R2 802 830)	Under Investigation. To be submitted to Council for condonement.
Deviations from SCM procedures not regarded as Irregular Expenditure	

49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

49.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	500 000	500 000
Amount Paid - current year	(500 000)	(500 000)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

49.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	3 124 948	3 044 459
Amount Paid - current year	(3 124 948)	(3 044 459)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

49.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

49.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	5 003 724	6 095 467
Amount Paid - current year	(5 003 724)	(6 095 467)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

49.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	12 300 060	11 439 453
Amount Paid - current year	(12 300 060)	(11 439 453)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

49.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

		Outstanding up to 90 days	Outstanding more than 90 days
30 June 2016			
Executive Mayor	CN Phoyane	1 479	4 703
Councillor	NS Moabi	89	-
Councillor	MW Matinyane	630	13 358
Councillor	VW Qankase	637	2 786
Councillor	M Matinyane	655	13 416
Councillor	MT Motshabi	623	-
Councillor	JL Links	651	6 413
Councillor	JM Matome	107	-
Total Councillor Arrear Consumer Accounts		4 870	40 675

30 June 2015

		Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor	AL Jones	268	161	107
Councillor	NS Moabi	248	248	-
Councillor	MW Matinyane	11 582	592	10 990
Councillor	VW Qankase	207	207	-
Councillor	M Matinyane	12 200	620	11 580
Councillor	MT Motshabi	1 242	997	245
Councillor	JL Links	18 867	616	18 251
Councillor	JM Matome	148	148	-
Total Councillor Arrear Consumer Accounts		44 763	3 589	41 174

49.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Council General	Year 2015/16	Various occasions (21)	Various reasons like preferred & sole supplier & emergency, etc.	334 064.90
21 Occasions during the financial year procuring various services amounting to R 334,112.78				
Office of the Mayor	Year 2015/16	One occasions (1)	Sole supplier	9 103.94
1 Occasion during the financial year procuring various services amounting to R 9,103.94				
Director Finance	Year 2015/16	Various occasions (2)	Urgent need for barcodes and emergency repair to network and internet connection.	42 945.50
2 Occasions during the financial year procuring various services amounting to R 42,945.50				
Engineering Services- Public Works	Year 2015/16	Various occasions (2)	Sole Supplier for repair work	13 960.13
2 Occasions during the financial year procuring various services amounting to R 13,960.13				
Engineering Services- Parks	Year 2015/16	One occasions (1)	Sole Supplier for repair work	33 994.80
1 Occasion during the financial year for repairs amounting to R 33,944.80				
Engineering Services- Sewerage	Year 2015/16	Various occasions (7)	Urgent repairs to water and sewer network	150 335.20
7 Occasions during the financial year for urgent repairs to water & sewer network amounting to R 150,335.20				
Engineering Services- Electricity	Year 2015/16	Various occasions (7)	Urgent repairs to electricity network and Sole Supplier	139 662.61
7 Occasions during the financial year for urgent repairs to electricity network & sole supplier amounting to R 139,662.61				
Public Safety - Traffic	Year 2015/16	One occasions (1)	Sole Supplier for repair work	2 856.65
1 Occasion during the financial year for repairs amounting to R 2,856.65				
Community services - Library	Year 2015/16	One occasions (1)	Sole supplier	32 319.00
1 Occasions during the financial year amounting to R 32,319.00				
Engineering Services- Water	Year 2015/16	One occasions (3)	Sole supplier of chlorine	75 350.18
1 Occasions during the financial year amounting to R 75,350.18				

49.8 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value
30 June 2016	Unaccounted Electricity Losses	18 119 992	1.1469	20 780 917
30 June 2015	Unaccounted Electricity Losses	8 756 834	1.0166	8 902 249

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

Volumes in kWh/year:

	2016 R	2015 R
System Input Volume	50 279 901	41 862 820
Billed Consumption	32 159 909	33 105 986
Distribution Loss	18 119 992	8 756 834
Percentage Distribution Loss	36.04%	20.92%

Water:

Lost Units		Tariff	Value	
30 June 2016	Unaccounted Water Losses	15 399 807	0.1059	1 631 521
30 June 2015	Unaccounted Water Losses	10 090 775	0.1975	1 992 870

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

Volumes in Kl/year:

	2016 R	2015 R
System Input Volume	16 340 495	10 890 698
Billed Consumption	940 688	799 923
Distribution Loss	15 399 807	10 090 775
Percentage Distribution Loss	94.24%	92.65%

50 COMMITMENTS FOR EXPENDITURE

50.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure Investment
Properties

13 335 012	10 920 055
13 335 012	10 920 055
-	-

- Approved but Not Yet Contracted for:-

Infrastructure

7 063 738	2 854 286
7 063 738	2 854 286
20 398 750	13 774 341

Total Capital Commitments

This expenditure will be financed from:
Government Grants

20 398 750	13 774 341
20 398 750	13 774 341

50.2 Lease Commitments

The municipality had no Finance Lease Liabilities and Non-cancellable Operating Lease Commitments as at 30 June 2016.

50.3 Other Commitments as at 30 June 2016

The municipality has entered into a contract on 11 July 2006 with Business Connections on an ongoing basis for assistance with the Venus Accounting system. The municipality is charged a fixed amount of R 34,143 per month and an hourly tariff for assistance provided by BCX consultants.

The municipality has entered into a contract on 11 November 2011 with Central Route Trading 316CC for maintenance on the municipality's electrical network. The municipality is charged when maintenance work has been rendered. The contract terminates on 10 February 2017.

The municipality has entered into a contract on 7 December 2011 with Cab Holdings on a month to month basis for the printing of consumer accounts. The municipality is charged approximately R 24,000 per month.

The municipality has entered into a contract on 1 November 1989 with Matsogo Tsaya for meter reading services. The contract was terminated on 31 October 2015 but the municipality is still making use of their services on a month to month basis. The municipality is charged a fixed amount of R 24,179.46 per month.

The municipality has entered into a contract on 31 August 2011 with True technology on a month to month basis for internet services. The municipality is charged a fixed amount of R 5,525 per month.

The municipality has entered into a contract on 27 November with Indlela Data for PABX rental. The municipality paid for the system but is charged a fixed amount of R 28,500 on a monthly basis for services/administration charges.

The municipality has entered into a contract on 2 May 2013 with Mavambo ITS for traffic law enforcement services. The contract was terminated on 2 May 2016 but the municipality is still making use of their services on a month to month basis. The municipality is charged 50% of the income from fines recovered/paid.

The municipality has entered into a contract on 7 February 2012 with Black Snow on a month to month basis for hosting of the municipality's website. The municipality pays a monthly fee of R 182.40.

The municipality has entered into a contract on 1 June 2014 with Protea Coins for cash transit services. The contract was terminated on 30 May 2015 but the municipality is still making use of their services on a month to month basis. The fee amounts to R 2,757.38 per month.

The municipality has entered into a contract on 27 November 2015 with Trompie t/a Hillside Garage for supply of fuel for municipal vehicles. The contract terminates on 27 November 2016.

The municipality has entered into a contract on 27 November 2015 with White Leopard for the provision of security services for a year which will give rise to a total charge of R 3,513,829.92. The contract terminates on 27 November 2016.

The municipality has entered into a contract on 01 July 2014 with Ndlala Valuers for the compilation of the Valuation Roll for 4 years, which will give rise to a total charge of R 1,038,027. The contract terminates on 30 June 2018.

The municipality has entered into a contract on 15 September 2015 for a 3 year period starting on 1 July 2015 with Mabasotho Tax Consultants for submission of the municipality's monthly VAT returns and VAT review for the period from July 2010 to June 2015. The contract terminates on 30 June 2018. The municipality is charged 25% of the total Input VAT claimed per VAT201 return and 25% of any savings derived out of the VAT review for the period July 2010 to June 2015.

The municipality has entered into a contract on 22 April 2016 with Ducharme Consulting (Pty) Ltd for assistance with the compilation of a GRAP compliant asset register and the compilation of the municipality's 2016 Annual Financial Statements, which will give rise to a total charge of R 3,869,502. The contract terminates on 30 November 2016.

The municipality entered into a contract on with Steiner Hygiene for providing hygiene services and products to the municipality. The contract was terminated in prior years but the municipality is still making use of their services on a month to month basis. The municipality is charged a fixed amount of R 30,253.73 per month.

51 FINANCIAL INSTRUMENTS

51.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Non-current Investments			
Listed Investments - shares	Fair value	65 368	70 830
Unit Trusts - Old Mutual Investment Plan	Fair value	148 751	139 679
Receivables from Exchange Transactions			
Electricity	Amortised cost	9 339 315	10 183 050
Refuse	Amortised cost	1 082 962	853 605
Sewerage	Amortised cost	2 538 503	2 144 686
Water	Amortised cost	1 086 264	765 190
Other Receivables	Amortised cost	977 432	1 406 842
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost	6 724 569	26 121 319
Grant Expenditure Recoverable	Amortised cost	-	14 843 000
Department of Community Safety & Transport Management - Commission on licence fees		830 649	-
Sundry Deposits	Amortised cost	3 590 256	3 366 779
Traffic Fines	Amortised cost	7 524 384	6 136 421
Sundry Debtors	Amortised cost	11 089	-
Cash and Cash Equivalents			
Call Deposits	Amortised cost	3 205 040	24 028
Bank Balances	Amortised cost	683 907	48 947
Cash Floats and Advances	Fair value	640	3 640
		37 809 127	66 108 016
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Electricity	9 339 315	10 183 050
Receivables from Exchange Transactions	Refuse	1 082 962	853 605
Receivables from Exchange Transactions	Sewerage	2 538 503	2 144 686
Receivables from Exchange Transactions	Water	1 086 264	765 190
Receivables from Exchange Transactions	Other Debtors	977 432	1 406 842
Receivables from Non-exchange Transactions	Assessment Rates Debtors	6 724 569	26 121 319
Receivables from Non-exchange Transactions	Grant Expenditure Recoverable	-	14 843 000
Receivables from Non-exchange Transactions	Sundry Deposits	3 590 256	3 366 779
Receivables from Non-exchange Transactions	Sundry Debtors	8 366 122	6 136 421
Cash and Cash Equivalents	Call Deposits	3 205 040	24 028
Cash and Cash Equivalents	Bank Balances	683 907	48 947
		37 594 368	65 893 867
Financial Assets at Fair Value:			
Non-current Investments	Listed Investments - Shares	65 368	70 830
Non-current Investments	Unit Trusts - Old Mutual	148 751	139 679
Cash and Cash Equivalents	Cash Floats and Advances	640	3 640
		214 759	214 149
Total Financial Assets		37 809 127	66 108 016

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	Amortised cost	92 249	261 714
Finance Lease Liabilities	Amortised cost	-	-
Payables from Exchange Transactions			
Trade Creditors	Amortised cost	101 203 260	98 439 494
Retentions	Amortised cost	6 721 567	4 970 670
Other Creditors	Amortised cost	754 451	618 745
Payments Received In Advance	Amortised cost	5 742 387	4 343 325
Staff Bonuses	Amortised cost	821 446	729 155
Staff Leave	Amortised cost	4 881 892	4 380 774
Suspense Accounts	Amortised cost	97 718	1 776 115
Payables from Non-exchange Transactions			
Sundry Deposits	Amortised cost	10 692	11 059
Other Creditors	Amortised cost	0	151 004
Bank Overdraft			
Bank Overdraft	Amortised cost	-	33 856
Current Portion of Long-term Liabilities			
Annuity Loans	Amortised cost	169 465	150 352
Finance Lease Liabilities	Amortised cost	-	57 536
		120 495 127	115 923 799
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	92 249	261 714
Payables from Exchange Transactions	Trade Creditors	101 203 260	98 439 494
Payables from Exchange Transactions	Retentions	6 721 567	4 970 670
Payables from Exchange Transactions	Other Creditors	754 451	618 745
Payables from Exchange Transactions	Payments Received In Advance	5 742 387	4 343 325
Payables from Exchange Transactions	Staff Bonuses	821 446	729 155
Payables from Exchange Transactions	Staff Leave	4 881 892	4 380 774
Payables from Exchange Transactions	Suspense Accounts	97 718	1 776 115
Payables from Non-exchange Transactions	Sundry Deposits	10 692	11 059
Payables from Non-exchange Transactions	Other Creditors	0	151 004
Bank Overdraft	Bank Overdraft	-	33 856
Current Portion of Long-term Liabilities	Annuity Loans	169 465	150 352
Current Portion of Long-term Liabilities	Finance Lease Liabilities	-	57 536
		120 495 127	115 923 799
Total Financial Liabilities		120 495 127	115 923 799

51.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2016, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2016

	Level 1	Level 2	Level 3	Total
	R	R	R	R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Listed Investments - Shares	65 368	-	-	65 368
Unit Trusts - Old Mutual Investment Plan	-	148 751	-	148 751
Cash and Cash Equivalents	-	3 640	-	3 640
Total Financial Assets	65 368	152 391	-	217 759
Total Financial Instruments	65 368	152 391	-	217 759

30 June 2015

	Level 1	Level 2	Level 3	Total
	R	R	R	R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Listed Investments	70 830	-	-	70 830
Unit Trusts - Old Mutual Investment Plan	-	139 679	-	139 679
Cash and Cash Equivalents	-	640	-	640
Total Financial Assets	70 830	140 319	-	211 149
Total Financial Instruments	70 830	140 319	-	211 149

51.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2015.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 18, Cash and Cash Equivalents and Equity, which consist of Accumulated Surplus as disclosed in Note 21 and the Statement of Changes in Net Assets.

Gearing Ratio

	2016 R	2015 R
The gearing ratio at the year-end was as follows:		
Debt	261 714	503 457
Bank, Cash and Cash Equivalents	(3 889 586)	(76 615)
Net Debt	(3 627 873)	426 843
Equity	590 989 256	610 503 237
Net debt to equity ratio	-0.61%	0.07%

Debt is defined as Long- and Short-term Liabilities and the bank overdraft, as detailed in Notes 18 and 6.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

51.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

51.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 51.8 to the Annual Financial Statements.

51.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 51.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

51.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

51.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

51.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank and First National Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties.

Counterparty and Location Amount R	30 June 2016 Carrying	30 June 2015 Carrying Amount R
ALPHA SPAR K	2 836 831	2 836 831
ALPHA SPAR A	1 432 913	1 432 913
BOUWER TT	1 030 150	-
REPUBLIEK VAN SUID-AFRIKA	857 015	-
RATZEGAAI VARKBOERDERY PTY LTD	819 727	1 355 319
DEPT OPENBARE WERKE HOSPITAAL	-	3 808 304
COETZER GPJ	-	729 904

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

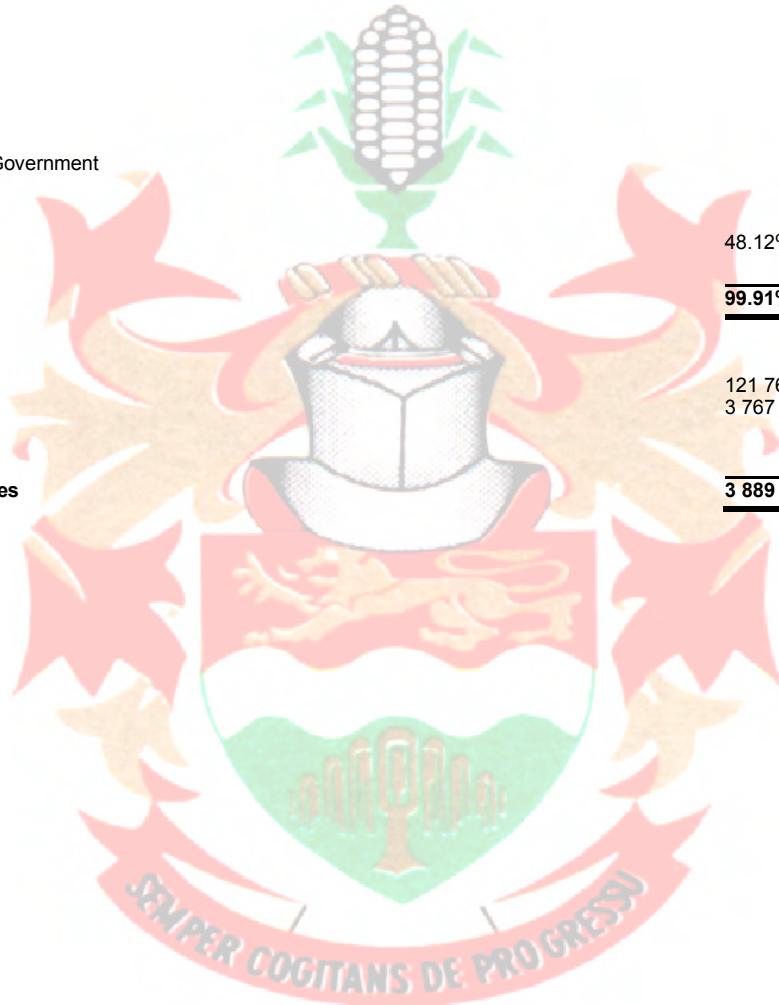
Fixed Deposit Investments	214 119	210 509
Receivables from Exchange Transactions	75 133 318	62 577 266
Receivables from Non-exchange Transactions	102 976 964	97 088 433
Bank, Cash and Cash Equivalents	3 889 586	42 759

Maximum Credit and Interest Risk Exposure

182 213 987 159 918 965

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors:		
- Household	27.30%	18.13%
- Industrial / Commercial	5.99%	6.47%
- National and Provincial Government	6.19%	6.05%
- Other Classes	12.31%	15.09%
Other Debtors:		
- Other not Classified	48.12%	39.70%
Total Credit Risk	99.91%	85.44%
Bank and Cash Balances		
ABSA Bank Ltd	121 763	28 980
First National Bank	3 767 183	10 138
Cash Equivalents	640	3 640
Total Bank and Cash Balances	3 889 586	42 759



VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

51 FINANCIAL INSTRUMENTS (Continued)

51.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2016								
Non-interest Bearing		0.00%	120 233 413	120 233 413	-	-	-	-
- Payables from Exchange transactions			120 222 721	120 222 721	-	-	-	-
- Payables from Non-exchange transactions			10 692	10 692	-	-	-	-
Fixed Interest Rate Instruments			261 714	82 321	87 144	92 249	-	-
- DBSA		12.00%	92 249	-	-	92 249	-	-
- Short-term Loans			169 465	82 321	87 144	-	-	-
			120 495 127	120 315 734	87 144	92 249	-	-
30 June 2015								
Non-interest Bearing		0.00%	115 420 342	115 420 342	-	-	-	-
- Payables from Exchange transactions			115 258 278	115 258 278	-	-	-	-
- Payables from Exchange transactions			162 063	162 063	-	-	-	-
Variable Interest Rate Instruments			33 856	33 856	-	-	-	-
- Bank Overdraft			33 856	33 856	-	-	-	-
Fixed Interest Rate Instruments			469 601	130 414	77 474	169 465	92 249	-
- DBSA		12.00%	261 714	-	-	169 465	92 249	-
- Short-term Loans			150 352	72 878	77 474	-	-	-
- Finance Lease liability		42.00%	57 536	57 536	-	-	-	-
			115 923 799	115 584 612	77 474	169 465	92 249	-

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2016								
Non-interest Bearing		0.00%	33 706 062	33 706 062	-	-	-	-
- Trade Receivables from Exchange Transactions			15 024 475	15 024 475	-	-	-	-
- Trade Receivables from Non-exchange Transactions			18 680 946	18 680 946	-	-	-	-
- Cash and Cash Equivalents			640	640	-	-	-	-
Variable Interest Rate Instruments			3 888 946	3 888 946	-	-	-	-
- Call Deposits		6.50%	3 205 040	3 205 040	-	-	-	-
- Bank Account			683 907	683 907	-	-	-	-
			37 595 008	37 595 008	-	-	-	-
30 June 2015								
Non-interest Bearing		0.00%	65 824 532	65 824 532	-	-	-	-
- Trade Receivables from Exchange Transactions			15 353 373	15 353 373	-	-	-	-
- Trade Receivables from Non-exchange Transactions			50 467 519	50 467 519	-	-	-	-
- Cash and Cash Equivalents			3 640	3 640	-	-	-	-
Variable Interest Rate Instruments			72 975	72 975	-	-	-	-
- Call Deposits		6.50%	24 028	24 028	-	-	-	-
- Bank Account			48 947	48 947	-	-	-	-
			65 897 507	65 897 507	-	-	-	-

51.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

52 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R4 871 374 (2015: R4 770 405) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED CONTRIBUTION SCHEMES

Municipal Employees Gratuity Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2013.

The valuation performed as at 30 June 2013 revealed that the market value of the fund was R14 565 (30 June 2012: 12 537) million. The contribution rate payable (7,50% or 9% by the member and 18% or 22,00% by the employer), is sufficient to fund the benefits accruing from the fund in the future. The fund was certified to be in sound financial condition as at 30 June 2013.

No further information could be obtained.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

National Fund for Municipal Workers

The last statutory valuation was performed as at 30 June 2014.

The scheme's assets amounted to R9 031,8 (2013: R6 981,5) million at 30 June.

The statutory valuation performed as at 30 June 2014 revealed that the fund had a surplus of R9,3 (30 June 2013: deficit R65,2) million, with a funding level of 100,10% (30 June 2013: 99,07%). The contribution rate paid by the members (9%) and the municipality (22%) is sufficient to fund the benefits accruing from the fund in the future.

The monthly deductions for cost were sufficient to cover the expenses incurred over the valuation period. The Trustees, with the support of the Valuator, must continue to monitor the position on an annual basis.

SALA Pension Fund

The last statutory valuation was performed as at 1 July 2013.

The scheme's assets amounted to R 10 439.2 (2012: R 8 753.4) million at 30 June, with a funding level of 100%.

The SALA Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future.

South African Municipal Workers Union National Provident Fund:

The SAMWU Provident Fund operates as a defined contribution scheme. The contribution rate paid by the members (9%) and Council (18% & 22%) is sufficient to fund the benefits accruing from the fund in the future. The latest actuarial valuation on this fund which was performed for the year ended 30 June 2008, certified that the fund is in a sound financial state. There are 25,993 members and the total assets amount to R 2,456 million, with a funding level of 100%.

None of the above mentioned plans are State Plans.

53 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

58.1 Related Party relationships

Councillors:

Ward

1
2
3
4
5
6

Executive Mayor
Proportional
Proportional
Proportional
District

Directors:

Acting Municipal Manager
Acting Chief Financial officer
Acting Executive Director Corporate & Human Resources
Acting Executive Director Strategic Planning
Executive Director Engineering Services
Executive Director Community Development

Surname

Initials

Matome JM
Motshabi MT
Motladiile MJ
Matinyane M
Mjuleni MJ
Qankase VW

Phoyane CN
Mogwata CN
Moabi NS
Links JL
Matinyane MW

Surname

Initials

Moruti MI
Kgosiemang CWK
Nzimankulu Marx MW W

Moremedi OG
Mosepele BMB

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

53.1 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

		Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2016					
Councillors		3 621	25 404	25 055	45 546
Municipal Manager and Section 57 Personnel		7 830	35 259	540	6 964
Total Services		11 451	60 662	25 595	52 510
<u>Councillors:</u>					
Councillor: Ward 1	JM Matome	270	2 374	5 935	107
Councillor: Ward 2	MT Motshabi	815	3 544	14 160	623
Councillor: Ward 4	M Matinyane	92	2 378	560	14 070
Councillor: Ward 6	VW Qankase	97	6 282	-	3 423
Executive Mayor	CN Phoyane	1 596	3 676	-	6 182
Proportional	NS Moabi	605	2 416	4 380	89
Proportional	JL Links	76	2 396	-	7 064
District	MW Matinyane	70	2 336	20	13 989
<u>Section 57 Personnel:</u>					
Executive Director Engineering Services	OG Moremedi	821	5 259	-	6 722
Executive Director Community Development	BMB Mosepele	2 495	7 212	540	1 038
Acting Executive Director Corporate & Human Resources	M Human	2 803	4 294	-	248
Acting Executive Director: Strategic Planning & LED	W Marx	1 712	18 494	-	-1 044
		11 451	60 662	25 595	52 510
For the Year ended 30 June 2015					
Councillors		1 912	19 319	20 330	46 271
Municipal Manager and Section 57 Personnel		2 335	3 708	-	(405)
Total Services		4 247	23 028	20 330	45 866
<u>Councillors:</u>					
Councillor: Ward 1	JM Matome	239	2 185	7 280	868
Councillor: Ward 2	MT Motshabi	761	4 967	12 850	1 742
Councillor: Ward 4	M Matinyane	87	2 308	-	12 200
Councillor: Ward 6	VW Qankase	163	2 253	-	207
Executive Mayor	CN Phoyane	-	861	-	556
Proportional	NS Moabi	527	2 302	200	248
Proportional	JL Links	69	2 253	-	18 867
District	MW Matinyane	66	2 190	-	11 582
<u>Section 57 Personnel:</u>					
Executive Director Community Development	BMB Mosepele	2 335	3 708	-	(405)
		4 247	23 028	20 330	45 866

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

53.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

53.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 31, 32 and Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

54 CONTINGENT LIABILITIES

54.1 Court Proceedings:	44 885 340	40 579 450
(i) Breach of Contract: The municipality is involved in litigation with Tshwaragano Intelligent Metering Services (Pty) Ltd/Nungu Zungu (The Consortium) is claiming that the municipality has breached the contract agreed upon.	6 000 000	5 000 000
(ii) Claim for Losses Sustained: The municipality is involved in litigation with Janandri Boerdery CC which has a court order against the Municipality for loss of income due to failure of installing a transformer and fruitless payment of water taxes.	27 000	527 034
(iii) Claim for Losses Sustained: The municipality is involved in litigation with Gabriel Ernst Yssel, emanating from damages to the plaintiff's property, after the Municipality established a borrowing pit on the plaintiff's property.	350 000	-
(iv) Unlawful enrichment: The municipality is involved in litigation with INCA, emanating from two long term loan agreements in terms of which INCA loaned approximately R20 million to the municipality. The municipality repaid approximately R4 million to INCA and then stopped further payments. INCA launched an application based on contractual claims against the municipality for repayment of the loan amounts. INCA instituted an alternative claim based on unlawful enrichment on 27 January 2016 for the repayment of the loan amount.	32 508 340	30 953 424
(v) Breach of Contract: The municipality is involved in litigation with Wesbank, emanating from rental agreements for office equipment which the municipality did not pay in full in terms of the agreement. The municipality is defending these matters based on the invalidity of the rental agreements.	6 000 000	4 081 777
(vi) Claims for damages suffered The municipality is involved in litigation with S.D.J. van der Merwe, emanating from damages suffered as a result of a collision.	-	17 216

55 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

55.1 Court Proceedings:	24 500 000	-
(i) Illegal Agreement: The municipality is involved in litigation with INCA. This matter relates to the rental agreements in terms of which an amount of R 4,5 million was paid to INCA. The agreements were concluded contrary to the legal requirements and therefore invalid.	4 500 000	-
(ii) Non compliance with legislation This matter relates to the appointment of the service provider, SO Matshidiso Construction, to supply paraffin lamps, stoves and oil. The appointment of the service provider did not comply with the applicable legislation and is therefore void. The amounts paid to the service provider must also be refunded to the municipality, less the reasonable costs incurred by the service provider.	20 000 000	-

VENTERSDORP LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016
R

2015
R

56 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

57 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

58 EVENTS AFTER THE REPORTING DATE

Ventersdorp municipality and Tlokwe municipality is in the process of being merged into a combined new municipality. The merger is due to occur on 3 August 2016. All assets and liabilities of the municipality will be transferred to the new combined municipality as a result of the merger. Refer to note 42.

59 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 43).

60 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

- (i) On 31 May 2014 the Council adopted the 2014/15 to 2016/17 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.
- (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A

VENTERSDORP LOCAL MUNICIPALITY SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2015	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2016
	R				R	R	R	R
ANNUITY LOANS								
DBSA	1 392 000	12.00%	10559/102	30/09/2017	412 065	-	150 352	261 714
Total Annuity Loans	1 392 000				412 065	-	150 352	261 714
CAPITAL LEASE LIABILITIES								
Northwest Telecoms	300 000	42.00%		Dec-15	57 536	-	57 536	-
Total Capital Lease Liabilities	300 000				57 536	-	57 536	-
TOTAL EXTERNAL LOANS	1 692 000				469 601	-	207 888	261 714

PPENDIX B
**VENTERSDORP LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings												
Land	8 268 457					8 268 457	-				-	8 268 457
Buildings	63 000 857	78 263				63 079 120	(33 128 994)	(1 372 304)			(34 501 298)	28 577 821
	71 269 314	78 263	-	-	-	71 347 577	(33 128 994)	(1 372 304)	-	-	(34 501 298)	36 846 279
Infrastructure												
Electricity	172 883 877	6 626 618				179 510 495	(92 391 195)	(4 007 821)			(96 399 016)	83 111 479
Roads, Pavements, Bridges, Street lights and Storm Water	503 164 402	15 684 081				518 848 483	(224 848 008)	(25 688 261)			(250 536 270)	268 312 214
Sewer/Sanitation	188 856 503	1 612 192				190 468 695	(94 613 411)	(3 949 654)			(98 563 065)	91 905 629
Solid Waste	5 916 209	10 912 236				16 828 445	(2 220 094)	(1 142 639)			(3 362 733)	13 465 712
Water	163 214 202	11 867 769				175 081 971	(56 889 474)	(3 792 782)			(60 682 256)	114 399 715
	1 034 035 193	46 702 896	-	-	-	1 080 738 089	(470 962 182)	(38 581 157)	-	-	(509 543 339)	571 194 750
Community Assets												
Cemeteries	923 475	-				923 475	(655 668)	(36 939)			(692 607)	230 869
Community Halls	11 991 379	1 823 312				13 814 692	(3 074 781)	(253 451)			(3 328 232)	10 486 460
Housing	2 250 525	-				2 250 525	(1 421 537)	(48 415)			(1 469 953)	780 573
Libraries	4 246 297	65 848				4 312 145	(975 320)	(87 964)			(1 063 285)	3 248 861
Parks	30 068	-				30 068	(21 737)	(1 503)			(23 240)	6 828
Sport and Recreational Facilities	20 678 724	487 911				21 166 635	(2 951 613)	(571 301)			(3 522 913)	17 643 722
	40 120 469	2 377 072	-	-	-	42 497 541	(9 100 656)	(999 573)	-	-	(10 100 229)	32 397 312
Other Assets												
Emergency Equipment	975 764	-				975 764	(483 157)	(80 526)			(563 683)	412 081
Furniture and Fittings	2 264 421	260 456				2 524 878	(1 034 052)	(202 109)			(1 236 161)	1 288 716
Motor Vehicles	7 080 588	-				7 080 588	(1 569 191)	(382 271)			(1 951 462)	5 129 126
Office Equipment	5 532 768	732 108				6 264 876	(2 616 885)	(506 081)			(3 122 966)	3 141 909
Plant and Equipment	1 309 275	14 121				1 323 396	(677 454)	(114 392)			(791 846)	531 550
Library Books	99 955	-				99 955	(43 902)	(8 329)			(52 230)	47 725
	17 262 771	1 006 685	-	-	-	18 269 456	(6 424 640)	(1 293 709)	-	-	(7 718 349)	10 551 107
Total	1 162 687 747	50 164 916	-	-	-	1 212 852 664	(519 616 473)	(42 246 743)	-	-	(561 863 216)	650 989 448

VENTERSDORP LOCAL MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2016

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Investment Properties	R	R	R	R	R	R	R	R	R	R	R	R
Land	29 579 775	-	-	-	-	29 579 775	-	-	-	-	-	29 579 775
	29 579 775	-	-	-	-	29 579 775	-	-	-	-	-	29 579 775

VENTERSDORP LOCAL MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2016

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Intangible Assets	R	R	R	R	R	R	R	R	R	R	R	R
Computer Software	66 907	-	-	-	-	66 907	-	-	-	-	-	66 907
	66 907	-	-	-	-	66 907	-	-	-	-	-	66 907

VENTERSDORP LOCAL MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2016

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Heritage Assets	R	R	R	R	R	R	R	R	R	R	R	R
Culturally Significant Buildings & Historical sites	8 756 727	-	-	-	-	8 756 727	-	-	-	-	-	8 756 727
	8 756 727	-	-	-	-	8 756 727	-	-	-	-	-	8 756 727
Total Asset Register	1 201 091 156	50 164 916	-	-	-	1 251 256 073	(519 616 473)	(42 246 743)	-	-	(561 863 216)	689 392 857

APPENDIX D
VENTERSDORP LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

2015 Actual Income	2015 Budgeted Income	2015 Actual Expenditure	2015 Budgeted Expenditure	2015 Surplus/ (Deficit)	Description	2016 Actual Income	2016 Budgeted Income	2016 Actual Expenditure	2016 Budgeted Expenditure	2016 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					Municipal Governance and Administration					
12 691 373	9 538 722	12 977 179	10 484 550	(285 806)	Executive and Council	22 837 906	15 050 020	17 340 373	10 664 616	5 497 533
51 935 323	53 926 750	97 707 240	23 642 790	(45 771 918)	Budget and Treasury Office	65 622 330	66 900 480	83 061 465	63 063 040	(17 439 134)
(781 592)	154 650	12 004 402	12 233 330	(12 785 994)	Corporate Services	(2 163 811)	566 430	14 200 108	14 827 310	(16 363 919)
					Community and Public Safety					
286 485	14 063 520	3 841 187	21 979 420	(3 554 703)	Community and Social Services	978 408	1 129 420	4 458 005	5 588 450	(3 479 597)
34 072 511	6 795 000	32 771 856	8 945 370	1 300 655	Public Safety	42 888 664	4 858 440	43 828 935	10 273 690	(940 271)
6 318	8 200	195 489	259 600	(189 171)	Sport and Recreation	515	8 600	277 852	560 860	(277 337)
					Economic and Environmental Services					
-	-	- 3 244 684	- 3 417 830	(3 244 684)	Environmental Protection	-	-	- 4 196 343	- 3 488 080	(4 196 343)
- 21 907 096	- 9 674 230	4 890 086	17 776 130	17 017 010	Planning and Development	-	- 2 915 560	5 844 492	7 648 910	9 465 938
					Roads and Transport	15 310 430				
40 143 375	52 942 489	50 742 150	58 630 920	(10 598 775)	Trading Services		42 025 866	57 491 001	57 464 630	(6 136 011)
3 841 120	3 816 140	1 261 293	879 030	2 579 827	Electricity	51 354 991	3 949 320	1 453 685	1 080 950	2 652 397
5 847 878	5 811 772	2 426 171	3 304 650	3 421 706	Waste Management	4 106 083	6 138 819	3 811 335	3 421 730	2 475 000
6 125 621	3 203 520	5 055 610	5 716 050	1 070 011	Waste Water Management	6 286 335	3 157 310	5 316 038	6 082 970	9 227 763
-	-	-	-	-	Water	14 543 801	-	-	-	-
					Other					
176 075 506	159 934 993	227 117 347	167 269 670	(51 041 841)	Sub-Total	221 765 651	146 700 265	241 279 633	184 165 236	(19 513 981)
					Revenue Foregone					
176 075 506	159 934 993	227 117 347	167 269 670	(51 041 841)	Total	221 765 651	146 700 265	241 279 633	184 165 236	(19 513 981)

**APPENDIX E(1) VENTERSDORP
LOCAL MUNICIPALITY**

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2016

Description	2015/16										2014/15				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE - STANDARD															
Governance and Administration:															
Executive and Council	10 018 720	5 031 300	15 050 020	-	-	15 050 020	22 837 906	-	7 787 886	151.75	227.95				12 691 373
Budget and Treasury Office	66 859 080	41 400	66 900 480	-	-	66 900 480	65 622 330	-	(1 278 150)	98.09	98.15				51 935 323
Corporate Services	162 080	404 350	566 430	-	-	566 430	(2 163 811)	-	(2 730 241)	0.00	0.00				(781 592)
Community and Public Safety:															
Community and Social Services	449 420	680 000	1 129 420	-	-	1 129 420	978 408	-	(151 012)	86.63	217.70				286 485
Sport and Recreation	8 600	(2 262 720)	8 600	-	-	8 600	515	-	(8 085)	5.99	5.99				6 318
Public Safety	7 121 160		4 858 440	-	-	4 858 440	42 888 664	-	38 030 224	882.77	602.27				34 072 511
Economic and Environmental Services:															
Road Transport	2 915 560		2 915 560	-	-	2 915 560	15 310 430	-	12 394 870	525.13	525.13				21 907 096
Trading Services:		(8 399 644)													
Electricity	50 425 510	(200 000)	42 025 866	-	-	42 025 866	51 354 991	-	9 329 125	122.20	101.84				40 143 375
Water	3 357 310	48 069	3 157 310	-	-	3 157 310	14 543 801	-	11 386 491	460.64	433.20				6 125 621
Waste Water Management	6 090 750	(50 000)	6 138 819	-	-	6 138 819	6 286 335	-	147 516	102.40	103.21				5 847 878
Waste Management	3 999 320		3 949 320	-	-	3 949 320	4 106 083	-	156 763	103.97	102.67				3 841 120
Total Revenue - Standard	151 407 510	(4 707 245)	146 700 265	-	-	146 700 265	221 765 651	-	75 065 386	151.17	146.47	-	-	-	176 075 506
EXPENDITURE - STANDARD															
Governance and Administration:															
Executive and Council	11 043 856	(379 240)	10 664 616	-	-	10 664 616	17 340 373	-	6 675 757	162.60	157.01				12 977 179
Budget and Treasury Office	28 177 970	34 885 070	63 063 040	-	-	63 063 040	83 061 465	-	19 998 425	131.71	294.77				97 707 240
Corporate Services	13 614 620	1 212 690	14 827 310	-	-	14 827 310	14 200 108	-	(627 202)	95.77	104.30				12 004 402
Community and Public Safety:															
Community and Social Services	4 475 660	1 112 790	5 588 450	-	-	5 588 450	4 458 005	-	(1 130 445)	79.77	99.61				3 841 187
Sport and Recreation	334 730	226 130	560 860	-	-	560 860	277 852	-	(283 008)	49.54	83.01				195 489
Public Safety	9 445 350	828 340	10 273 690	-	-	10 273 690	43 828 935	-	33 555 245	426.61	464.03				32 771 856
Economic and Environmental Services:															
Planning and Development	3 767 680	(279 600)	3 488 080	-	-	3 488 080	4 196 343	-	708 263	120.31	111.38				3 244 684
Road Transport	8 616 260	(967 350)	7 648 910	-	-	7 648 910	5 844 492	-	(1 804 418)	76.41	67.83				4 890 086
Trading Services:															
Electricity	55 947 460	1 517 170	57 464 630	-	-	57 464 630	57 491 001	-	26 371	100.05	102.76				50 742 150
Water	6 078 090	4 880	6 082 970	-	-	6 082 970	5 316 038	-	(766 932)	87.39	87.46				5 055 610
Waste Water Management	3 631 910	(210 180)	3 421 730	-	-	3 421 730	3 811 335	-	389 605	111.39	104.94				2 426 171
Waste Management	936 710	144 240	1 080 950	-	-	1 080 950	1 453 685	-	372 735	134.48	155.19				1 261 293
Total Expenditure - Standard	146 070 296	38 094 940	184 165 236	-	-	184 165 236	241 279 633	-	57 114 397	131.01	165.18	-	-	-	227 117 347
Surplus/(Deficit) for the year	5 337 214	(42 802 185)	(37 464 971)	-	-	(37 464 971)	(19 513 981)	-	17 950 990	0.00	0.00	-	-	-	(51 041 841)

**APPENDIX E (2) VENTERSDORP
LOCAL MUNICIPALITY**

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2016

Description	2015/16										2014/15				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shiftin of g Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE BY VOTE															
Vote 1 - COUNCIL GENERAL	10 018 720	5 031 300	15 050 020	-	-	15 050 020	22 837 906	-	7 787 886	151.75	227.95				12 691 373
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Vote 3 - CORPORATE SERVICES	134 250	404 350	538 600	-	-	538 600	533 350	-	(5 250)	99.03	397.28				125 237
Vote 4 - DIRECTOR FINANCE	66 859 080	41 400	66 900 480	-	-	66 900 480	65 622 330	-	(1 278 150)	98.09	98.15				51 935 323
Vote 5 - ENGINEERING SERVICES	66 816 280	(8 601 575)	58 214 705	-	-	58 214 705	88 904 478	-	30 689 773	152.72	133.06				76 958 260
Vote 6 - PROTECTION SERVICES & TRANSPORT PLAN	7 121 160	(2 262 720)	4 858 440	-	-	4 858 440	42 888 664	-	38 030 224	882.77	602.27				34 072 511
Vote 7 - COMMUNITY SERVICES	458 020	680 000	1 138 020	-	-	1 138 020	978 923	-	(159 097)	86.02	213.73				292 802
Vote 8 - DEVELOPMENT & PLANNING	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Total Revenue by Vote	151 407 510	(4 707 245)	146 700 265	-	-	146 700 265	221 765 651	-	75 065 386	151.17	146.47		-	-	176 075 506
EXPENDITURE BY VOTE															
Vote 1 - COUNCIL GENERAL	9 277 566	(217 980)	9 059 586	-	-	9 059 586	15 998 641	-	6 939 055	176.59	172.44				11 440 975
Vote 2 - MUNICIPAL MANAGER	1 766 290	(161 260)	1 605 030	-	-	1 605 030	1 341 732	-	(263 298)	83.60	75.96				1 536 204
Vote 3 - CORPORATE SERVICES	10 577 120	950 190	11 527 310	-	-	11 527 310	11 211 343	-	(315 967)	97.26	106.00				10 109 424
Vote 4 - DIRECTOR FINANCE	28 177 970	34 885 070	63 063 040	-	-	63 063 040	83 061 465	-	19 998 425	131.71	294.77				97 707 240
Vote 5 - ENGINEERING SERVICES	78 247 930	751 260	78 999 190	-	-	78 999 190	76 905 317	-	(2 093 873)	97.35	98.28				66 270 288
Vote 6 - PROTECTION SERVICES & TRANSPORT PLAN	9 445 350	828 340	10 273 690	-	-	10 273 690	43 828 935	-	33 555 245	426.61	464.03				32 771 856
Vote 7 - COMMUNITY SERVICES	4 810 390	1 338 920	6 149 310	-	-	6 149 310	4 735 857	-	(1 413 453)	77.01	98.45				4 036 676
Vote 8 - DEVELOPMENT & PLANNING	3 767 680	(279 600)	3 488 080	-	-	3 488 080	4 196 343	-	708 263	120.31	111.38				3 244 684
Total Expenditure by Vote	146 070 296	38 094 940	184 165 236	-	-	184 165 236	241 279 633	-	57 114 397	131.01	165.18		-	-	227 117 347
Surplus/(Deficit) for the year	5 337 214	(42 802 185)	(37 464 971)	-	-	(37 464 971)	(19 513 981)	-	17 950 990	0.00	0.00		-	-	(51 041 841)

**APPENDIX E (3) VENTERSDORP
LOCAL MUNICIPALITY**

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

Description	2015/16										2014/15				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Revenue by Source															
Property Rates	9 707 550	5 240 900	14 948 450	-	-	14 948 450	11 826 368	-	(3 122 082)	79.11	121.83	-	-	-	10 398 205
Service Charges - Electricity	50 425 510	(8 399 644)	42 025 866	-	-	42 025 866	42 274 171	-	248 305	100.59	83.83	-	-	-	31 134 504
Service Charges - Water	3 357 310	(200 000)	3 157 310	-	-	3 157 310	4 754 977	-	1 597 667	150.60	141.63	-	-	-	3 466 168
Service Charges - Sanitation	6 090 750	48 069	6 138 819	-	-	6 138 819	6 215 107	-	76 288	101.24	102.04	-	-	-	5 781 187
Service Charges - Refuse	3 999 320	(50 000)	3 949 320	-	-	3 949 320	4 090 870	-	141 550	103.58	102.29	-	-	-	3 824 659
Rental of Facilities and Equipment	115 070	- 41 400	115 070	-	-	115 070	76 056	-	(39 014)	66.10	66.10	-	-	-	79 578
Interest Earned - External Investments	628 600	(1 000 000)	670 000	-	-	670 000	709 602	-	39 602	105.91	112.89	-	-	-	642 670
Fines	5 533 560	(1 262 720)	4 533 560	-	-	4 533 560	41 254 378	-	36 720 818	909.98	745.53	-	-	-	31 375 047
Agency Services	1 587 720	680 000	325 000	-	-	325 000	1 650 858	-	1 325 858	507.96	103.98	-	-	-	2 702 496
Transfers Recognised - Operational	69 404 000	404 350	70 084 000	-	-	70 084 000	107 979 949	-	37 895 949	154.07	155.58	-	-	-	86 090 533
Other Revenue	348 520	(209 600)	752 870	-	-	752 870	933 315	-	180 445	123.97	267.79	-	-	-	434 809
Gains on Disposal of PPE	209 600	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	145 649
Total Revenue (excluding Capital Transfers & Contrib	151 407 510	(4 707 245)	146 700 265	-	-	146 700 265	221 785 651	-	75 065 386	151.17	146.47	-	-	-	176 075 506
Expenditure															
Employee Related Costs	43 859 930	3 270 970	47 130 900	-	-	47 130 900	49 411 833	2 280 933	2 280 933	104.84	112.66	-	-	-	43 988 354
Remuneration of Councillors	3 714 496	-	3 714 496	-	-	3 714 496	3 404 060	-	(310 436)	91.64	91.64	-	-	-	3 399 503
Debt Impairment	3 000 000	15 000 000	18 000 000	-	-	18 000 000	50 560 055	32 560 055	32 560 055	280.89	1 685.34	-	-	-	66 446 896
Depreciation and Asset Impairment	8 000 000	19 000 000	27 000 000	-	-	27 000 000	42 246 743	15 246 743	15 246 743	156.47	528.08	-	-	-	40 408 568
Finance Charges	1 181 930	(1 101 930)	80 000	-	-	80 000	8 210 454	8 130 454	8 130 454	10 263.07	694.67	-	-	-	6 745 537
Bulk Purchases	49 427 670	-	49 427 670	-	-	49 427 670	43 778 703	-	(5 648 967)	88.57	88.57	-	-	-	38 812 621
Other Materials	8 371 710	525 730	8 897 440	-	-	8 897 440	7 629 733	-	(1 267 707)	85.75	91.14	-	-	-	4 907 087
Contracted Services	7 810 820	491 410	8 302 230	-	-	8 302 230	13 772 879	5 470 649	5 470 649	165.89	176.33	-	-	-	6 596 613
Transfers and Grants	835 360	676 140	1 511 500	-	-	1 511 500	2 204 354	692 854	692 854	145.84	263.88	-	-	-	422 635
Other Expenditure	19 868 380	232 620	20 101 000	-	-	20 101 000	20 060 818	-	(40 182)	99.80	100.97	-	-	-	15 389 534
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Total Expenditure	146 070 296	38 094 940	184 165 236	-	-	184 165 236	241 279 633	64 381 688	57 114 397	131.01	165.18	-	-	-	227 117 347
Surplus/(Deficit) for the Year	5 337 214	(42 802 185)	(37 464 971)	-	-	(37 464 971)	(19 513 981)	(64 381 688)	17 950 990	-	-	-	-	-	(51 041 841)

APPENDIX E(4)
VENTERSDORP LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2016

Description	2015/16										
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE - VOTE											
Multi-year Expenditure											
Vote 1 - COUNCIL GENERAL	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 3 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 4 - DIRECTOR FINANCE	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 5 - ENGINEERING SERVICES	26 300 000	10 406 000	36 706 000	-	-	36 706 000	46 702 896	-	9 996 896	127.24	177.58
Vote 6 - PROTECTION SERVICES & TRANSPORT PLAN	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 7 - COMMUNITY SERVICES	-	7 650 000	7 650 000	-	-	7 650 000	3 462 020	-	(4 187 980)	45.26	0.00
Vote 8 - DEVELOPMENT & PLANNING	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Capital Expenditure - Multi-year	26 300 000	18 056 000	44 356 000	-	-	44 356 000	50 164 916	-	5 808 916	113.10	190.74
Single-year Expenditure											
Vote 1 - COUNCIL GENERAL	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 3 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 4 - DIRECTOR FINANCE	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 5 - ENGINEERING SERVICES	(26 300 000)	-	(36 706 000)	-	-	(36 706 000)	(46 702 896)	-	(9 996 896)	0.00	0.00
Vote 6 - PROTECTION SERVICES & TRANSPORT PLAN	-	-	-	-	-	-	-	-	-	0.00	0.00
Vote 7 - COMMUNITY SERVICES	-	-	(7 650 000)	-	-	(7 650 000)	(3 462 020)	-	4 187 980	0.00	0.00
Vote 8 - DEVELOPMENT & PLANNING	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Capital Expenditure - Single-year	(26 300 000)	-	(44 356 000)	-	-	(44 356 000)	(50 164 916)	-	(5 808 916)	0.00	0.00
Total Capital Expenditure - Vote	26 300 000	18 056 000	44 356 000	-	-	44 356 000	50 164 916	-	5 808 916	113.10	190.74

APPENDIX E(5)
VENTERSDORP LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

Description	2015/16								2014/15
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	R	R	R	R	R	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and Other	50 158 000	6 860 000	57 018 000	57 018 000	100 471 746	43 453 746	176.21	200.31	21 912 085
Government - Operating	95 383 000	1 001 000	96 384 000	96 384 000	93 161 830				89 430 852
Government - Capital	-	-	-	-	-	-	0.00	0.00	-
Interest	628 600	40 000	668 600	668 600	709 602	41 002	106.13	112.89	642 670
Payments									
Suppliers and Employees	(150 652 640)	676 140	(149 976 500)	(149 976 500)	(130 157 365)	19 819 135	0.00	0.00	(87 832 556)
Finance Charges	(1 181 930)	1 102 000	(79 930)	(79 930)	(7 758 217)	(7 678 287)	0.00	0.00	(6 332 081)
Transfers and Grants	(835 360)	(676 140)	(1 511 500)	(1 511 500)	(2 204 354)	(692 854)	0.00	0.00	(422 635)
NET CASH FROM / (USED) OPERATING ACTIVITIES	(6 500 330)	9 003 000	2 502 670	2 502 670	54 223 242	54 942 742	2 166.62	0.00	17 398 335
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on Disposal of PPE	-	-	-	-	-	-	0.00	0.00	152 000
Decrease / (Increase) in Non-current Debtors	32 370 000	-	32 370 000	32 370 000	-	(32 370 000)	0.00	0.00	-
Decrease / (Increase) Other Non-current Receivables	-	-	-	-	-	-			-
Decrease / (Increase) in Non-current Investments	-	-	-	-	(3 610)	(3 610)	0.00	0.00	(6 882)
Payments									
Capital Assets	(27 420 000)	-	(27 420 000)	(27 420 000)	(50 164 916)	(22 744 916)	0.00	0.00	(26 557 059)
NET CASH FROM / (USED) INVESTING ACTIVITIES	4 950 000	-	4 950 000	4 950 000	(50 168 526)	(55 118 526)	0.00	0.00	(26 411 941)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Increase / (Decrease) in Short-term Loans	-	-	-	-	-	-	0.00	0.00	-
New Loans raised	-	-	-	-	-	-	0.00	0.00	-
Payments									
Loans repaid	-	-	-	-	(207 888)	(207 888)	0.00	0.00	(229 403)
NET CASH FROM / (USED) FINANCING ACTIVITIES	-	-	-	-	(207 888)	(207 888)	0.00	0.00	(229 403)
NET INCREASE / (DECREASE) IN CASH HELD	1 550 330	(9 003 000)	(7 452 670)	(7 452 670)	(3 846 828)	3 605 842	0.00	0.00	9 243 009
Cash / Cash Equivalents at the Year begin:	1 000 000	7 000 000	8 000 000	8 000 000	42 759	(7 957 241)	0.53	4.28	9 285 768
Cash / Cash Equivalents at the Year end:	(550 330)	16 003 000	15 452 670	15 452 670	3 889 586	(11 563 084)	25.17	0.00	42 759

APPENDIX F
VENTERSDORP LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
Equitable Share	Nat Treasury	26 402 000	7 922 000	-	15 842 000	-	-	-	-	13 200 000	-	-	-	Underspending of conditional grants	Yes	N/A
Finance Management Grant (FMG)	Nat Treasury	1 875 000	-	-	-	343 600	914 436	382 693	668 882	-	-	-	-	N/A	Yes	N/A
MIG Projects	MIG	7 099 350	-	6 124 650	-	832 112	1 664 305	8 167 662	5 668 112	-	-	-	-	N/A	Yes	N/A
MIG Projects_PMU	MIG	373 650	-	322 350	-	211 103	121 089	208 144	144 676	-	-	-	-	N/A	Yes	N/A
Integrated National Electrification Program (INEP)	National	-	3 400 000	1 600 000	-	-	1 724 146	3 424 097	1 012 168	-	-	-	-	N/A	Yes	N/A
Provincial Infrastructure Grant (PIG)	Province	-	-	1 834 123	5 732 471	-	1 588 725	1 834 123	11 743 861	-	-	-	-	N/A	Yes	N/A
Municipal Systems Improvement Grant (MSIG)	DPLG	930 000	-	-	-	81 529	24 008	96 577	751 767	-	-	-	-	N/A	Yes	N/A
Extended Public Works Program (EPWP)	Province	717 000	538 000	537 000	-	279 901	434 620	503 049	603 614	-	-	-	-	N/A	Yes	N/A
Library Grant	Province	-	-	1 000 000	-	45 145	143 143	58 307	625 086	-	-	-	-	N/A	Yes	N/A
Total Grants and Subsidies Received		37 397 000	11 860 000	11 418 123	21 574 471	1 793 388	6 614 472	14 674 652	21 218 166	13 200 000	-	-	-			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																

APPENDIX G
VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2016

Incumbent	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Mayor											
C N Phoyane	571 053		225 620	-	-	-	-	-	-	-	796 674
Other Councillors											
Mogwata C.	172 121		81 845	-	-	-	-	-	-	-	253 966
Moabi N.S.	172 121		82 970	-	-	-	-	-	-	-	255 091
Matinyane M.W.	172 121		81 845	-	-	-	-	-	-	-	253 966
Qankase V.W.	172 121		90 879	-	-	-	-	-	-	-	263 000
Matinyane M.	172 121		86 442	-	-	-	-	-	-	-	258 563
Motshabi M.T.	172 121		93 873	-	-	-	-	-	-	-	265 994
Matome J.M.	172 121		101 357	-	-	-	-	-	-	-	273 478
Motladile M.J.	172 121		99 424	-	-	-	-	-	-	-	271 545
Mjulenji M.J.	172 121		83 726	-	-	-	-	-	-	-	255 847
Links J.L.	172 121		83 816	-	-	-	-	-	-	-	255 937
Total for Councillors	2 292 261		1 111 798	-	-	-	-	-	-	-	3 404 060
Municipal Manager											
Makade B.J.											
Mashigo J.K. (Acting)	587 143		50 924	80 996	-	-	296 539	-	-	-	1 015 603
Moruti M.I. (Acting)	135 084		-	644	-	-	-	-	-	-	135 728
	476 904		150 021	70 015	-	-	-	-	-	-	696 939
Chief Financial Officer											
Moruti M.I.											
Kgosiemang C.W.K. (Acting)	237 098		72 052	46 356	-	-	-	-	-	-	355 506
	315 933		110 986	55 788	-	-	-	-	-	-	482 707
Executive Director: Corporate and Human Resources											
Mcameni L.D.											
Human M. (Acting)	91 744		62 541	19 839	-	-	227 255	-	-	-	401 379
Nzimankulu M.W. (Acting)	135 400		19 537	31 223	-	-	-	-	-	-	186 160
	225 666		39 871	30 797	-	-	-	-	-	-	296 335
Executive Director: Community Development											
Mosepele B.M.B.											
Executive Director: Strategic Planning & LED											
Sidu S.A.	523 572		370 666	88 778	-	-	-	-	-	-	983 017
Marx W. (Acting)											
	441 624		343 977	113 666	-	-	-	-	-	-	899 267
Executive Director: Engineering Services											
Moremedi O.G.	315 933		65 631	56 361	-	-	-	-	-	-	437 925
	515 417		281 302	87 913	-	-	-	-	-	-	884 633
Total for Management											
	6 293 780		2 679 308	682 376	-	-	523 794	-	-	-	10 179 257

APPENDIX G
VENTERSDORP LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2016

Incumbent	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	UIF & SDL levies	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Mayor											
C N Phoyane	536 331		- 238 242	-	-	-	-	-	-	-	774 573
Other Councillors											
Jones A.L.	121 246		- 56 067	-	-	-	-	-	-	-	177 313
Mogwata C.	160 899		- 74 501	-	-	-	-	-	-	-	235 400
Moabi N.S.	160 899		- 80 412	-	-	-	-	-	-	-	241 311
Matinyane M.W.	160 899		- 74 501	-	-	-	-	-	-	-	235 400
Qankase V.W.	160 899		- 91 798	-	-	-	-	-	-	-	252 697
Matinyane M.	160 899		- 79 458	-	-	-	-	-	-	-	240 357
Motshabi M.T.	160 899		- 89 894	-	-	-	-	-	-	-	250 793
Matome J.M.	160 899		- 86 528	-	-	-	-	-	-	-	247 427
Motladiile M.J.	160 899		- 97 062	-	-	-	-	-	-	-	257 961
Mjuleni M.J.	160 899		- 82 823	-	-	-	-	-	-	-	243 722
Links J.L.	160 899		- 81 651	-	-	-	-	-	-	-	242 550
Total for Councillors	2 266 567		- 1 132 937	-	-	-	-	-	-	-	3 399 503
Municipal Manager											
Makade B.J.	709 232		- 144 428	235 425	-	-	-	-	-	-	1 089 085
Chief Financial Officer											
Moruti Ml	530 109	39 296	201 299	142 337	-	-	-	-	-	-	913 041
Executive Director: Corporate and human Resources											
Mcameni L.D.	451 054		- 353 936	111 258	-	-	-	-	-	-	916 248
Executive Director: Community Development											
Mosepele B.M.B.	437 657	39 909	349 622	86 466	-	-	-	-	1 785	-	915 438
Executive Director: Strategic Planning & LED											
Sidu S.A.	404 493		- 353 936	126 238	-	-	-	-	-	-	884 667
Executive Director: Engineering Services											
OG Moremedi	564 908		- 265 466	85 681	-	-	-	-	-	-	916 056
Total for Management	5 364 021	79 205	2 801 623	787 405	-	-	-	-	1 785	-	9 034 039

30 June 2016

